



NEW YORK UNIVERSITY

School of Law

WASHINGTON SQUARE, NEW YORK, N.Y. 10003

AREA 212 598-1212

Faculty of Law

Bankruptcy

October 7, 1968

Mr. Stephen Nassau
1910 Sunderland Place, N.W.
Washington, D.C.

Dear Mr. Nassau:

On August 29 I sent the enclosed letter, with a copy to you, to the ADA. I have had no reply to my question as to who Mr. Higgs is, and whether I can get authority to reproduce the document which the ADA had furnished to me entitled "Proposal For The Use of the Federal Bankruptcy Act to Benefit the Poor." I do want to reprint it for my book and I should appreciate it if you could help me, both with that and the question of the D.C. bankruptcy campaign referred to in the third paragraph of my letter. I am taking the liberty of burdening you because I know that the staffs of offices of organizations like ADA usually cannot cope with technical questions on programs like this.

Cordially yours,

Homer Kripke
Homer Kripke

HK:dw

Enclosure

Bankruptcy

PROJECT ON SOCIAL WELFARE LAW

Arthur Garfield Hays Civil Liberties Program
New York University School of Law
46 Washington Mews, New York, N.Y. 10003

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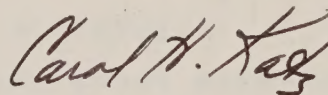
February 13, 1968

Mr. Julius Hobson
300 M Street, S. W.
Washington, D.C.

Dear Mr. Hobson:

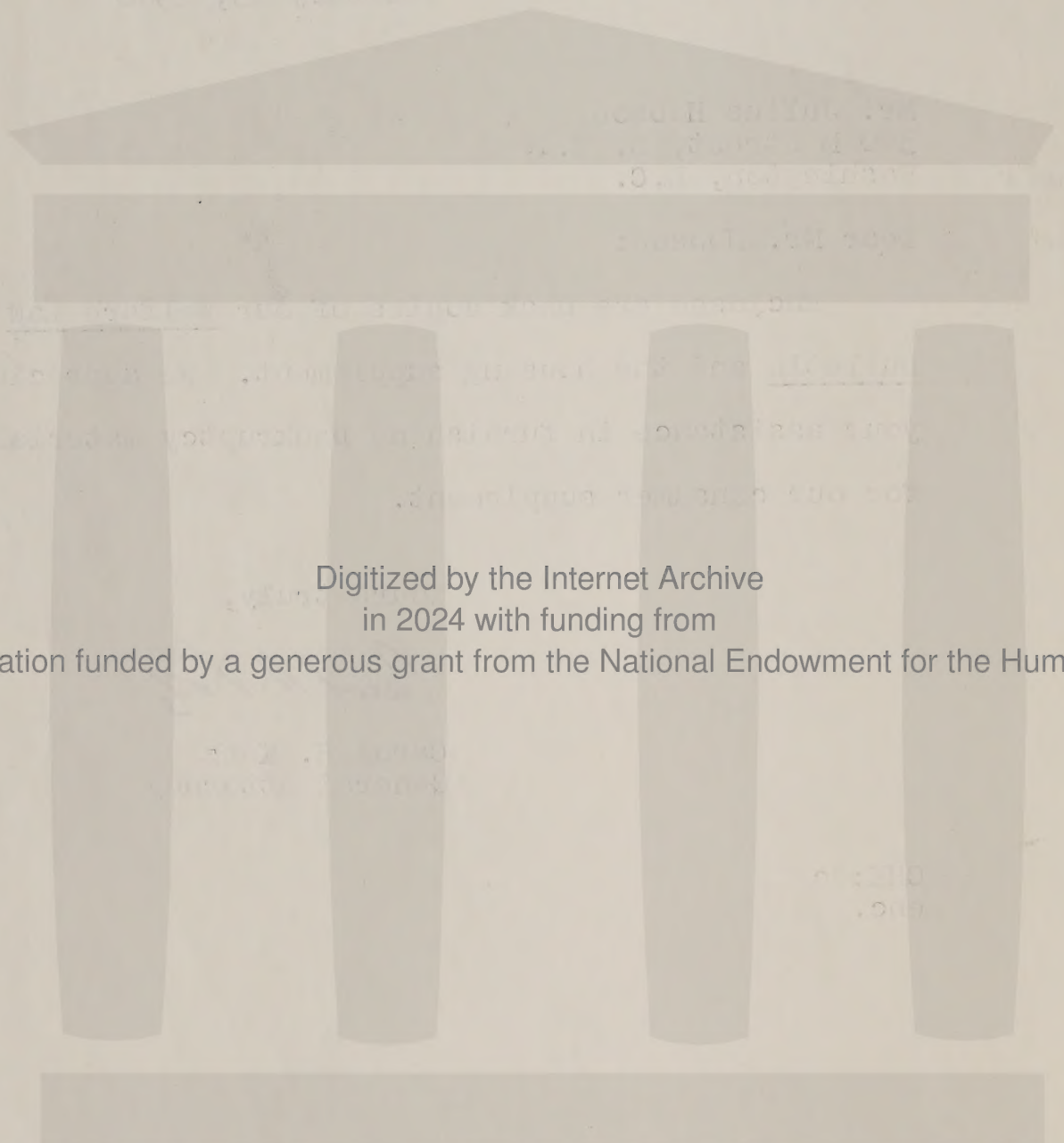
Enclosed are back copies of our Welfare Law
Bulletin and the housing supplement. We appreciate
your assistance in furnishing bankruptcy materials
for our consumer supplement.

Yours truly,



Carol H. Katz
General Attorney

CHK:dc
enc.



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Bankruptcy

February 15, 1968

Dear Mr. Hobson,

I am one of the VISTA Volunteers who heard your talk last October. The one arranged by George Holland if you can't place it. At the time I was intrigued by your short discussion of strategic bankruptcy. I'm wondering if the threat of declaring bankruptcy can be used effectively against unscrupulous merchants. Does this threat discourage finance companies from buying up these merchants' contracts?

What resources are needed to successfully "bankrupt" someone? Do we need a lawyer? Have any Neighborhood Legal Service lawyers been cooperative? Do many bankrupts develop a self-defeating dependency on this type of action? Is the allowable frequency for filing still once every seven years? Do you foresee any attempts to counteract this program? I've asked you these questions because I understand that you have successfully counselled people in this regard. I appreciate any information you can send along. We could use some self-service bankruptcy kits here if such a thing exists. Also I'm curious to hear about this movement around the country if things are stirring.

As you can see, I know nothing about strategic bankruptcy now. It strikes me though that it could be our first negative income tax. I work with consumer fraud cases and I hope your tactic would be an effective threat to the large banks and responsible citizens who so easily support these gougers. But I spend most of my time working on welfare rights and here your strategy could be used to force larger grants. So I hope to hear from you if your time permits.

Sincerely,

James Sacher

Jim Sacher
413 E. 9th Street
Chester, Pa. 19013

Bankruptcy
4828-7th Street N.W.
Washington D.C.
Monday January 8, 1968

Julius Hobson's Bankruptcy Campaign
c/o United Planning Organization's
Neighborhood Development Ctr. #1
1507-9th Street N.W.

Dear Mr. Hobson:

I read the article in today's newspaper
regarding your campaign (bankruptcy), and
-although I had been diligently looking +
listening for its launching - this article is
the first I have heard of from the campaign
since early summer when you proposed same.

I note that the article states the campaign
will resume operations at a new location on
February 1, 1968.

I am interested in talking with someone about the
campaign to see if I would qualify as a participant.

Please contact me at your convenience or
announce your resumed opening of said
campaign in a manner that I can know of
it and come in.

Your cooperation + assistance is solicited.

Tratefully
Joyce P. Haynes



Yale Legislative Services, Yale Law School, New Haven, Connecticut 06520

(203) 562-6433

March 14, 1970

Mr. Julius Hobson
Washington Institute for Quality Education
Washington, D.C.

Dear Mr. Hobson,

Yale Legislative Services is presently studying the use of bankruptcy proceedings as a wide-spread remedy for the financial problems of low-income debtors.

Our research indicates that the organization of which you were the guiding spirit, Associated Community Teams, conducted, in 1968-69, an extensive bankruptcy project in the Washington metropolitan area.

We would like, if possible, to share the benefit of your experience. If you have any published or unpublished program evaluation, or any other printed material relating to the project, we would be pleased if it were forwarded to the above address, in care of the present writer.

Thank you for your anticipated assistance,

Sincerely,

James N. Owens
James N. Owens

615 West 164 Street
New York, N. Y. 10032
July 9, 1967

Julius W. Hobson
4801 Queens Chapel Terrace, N.E.
Washington, D.C.

Dear Mr. Hobson:

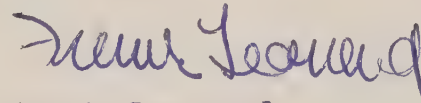
I read in today's New York Times about your efforts to let the poor know how to file for bankruptcy. I run a small neighborhood service center in the Brooklyn ghetto, and would like to make this information available to those who come to us for help. I would appreciate it if you would send me whatever literature you have on the subject, so that I could become well-informed enough to advise the people in our area on how to file for bankruptcy.

Are there any articles on the subject in the law journals?

Any information you can give me will be appreciated and will be put to good use in the area we work in.

Enclosed is a check for \$3.00 to cover any expenses for sending the material, and a stamped, self-addressed envelope.

Sincerely yours,



Frank Leonard

copy to William L. Higgs

NEIL J. COHEN

ATTORNEY-AT-LAW

520 ~~XXX~~ 2ND STREET, S. E.
WASHINGTON, D. C.

~~8443461~~
L17-6360

October 4, 1967

Dear Julius,

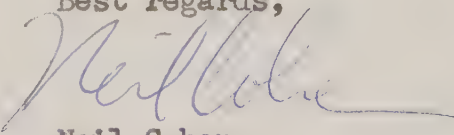
Enclosed is a memorandum of law discussing the right of an indigent to file in bankruptcy without prepayment of costs. I hope it will be helpful in your bankruptcy campaign.

I also want to call your attention to the case of Overstreet v NAACP, 142 S.E.2d 816, which bears on your plan to file selected bankruptcies directed against exploitive merchants. The Overstreet case discusses ~~the~~ the tort of deliberate interference with a business interest, a tort which could subject you, as it did the NAACP, to personal liability.

Without discussing the complicated question of whether the tort would apply to you, allow me to restate the opinion I expressed at the American Jewish Congress meeting: the chief problem of the poor is not exploitive merchants, or even lack of jobs, but lack of decent paying jobs and adequate public assistance, in short, adequate income. As Walter Heller, then Chairman of the Council of Economic Advisors, put it in 1964: "A surprisingly large percentage of poor persons already have some kind of job;" for them, the cause of poverty "is not lack of jobs but of higher skills and productivity needed to yield a decent income....They must be equipped with the knowledge, skills and health to find and hold better jobs." It seems to me that this point could be made the thrust of your campaign, with the fillip that society will have to bear the cost until the job is done, or a guaranteed income established.

If you would like to discuss these matters further, or if I can be of assistance to you, please don't hesitate to ~~ask~~ call.

Best regards,


Neil Cohen

Greater Washington Chapter
AMERICANS FOR DEMOCRATIC ACTION

1346 Connecticut Avenue, N.W.
Washington, D.C. 20036

P R E S S R E L E A S E

July 13, 1967

Anne Strout: 265-4435

ADA JOINS D.C. BANKRUPTCY CAMPAIGN

The Executive Board of the Greater Washington Chapter of Americans for Democratic Action voted Tuesday night, July 11, to participate in the D.C. bankruptcy campaign scheduled to begin in early August.

The ADA Board clearly indicated that it would devote its primary effort to the educational aspects of the bankruptcy campaign. Initially, ADA will concentrate on:

- 1) stimulating the development of consumer education programs
- 2) drafting consumer protection legislation.

ADA Chairman Donald Green explained that the conduct of consumer education programs is a responsibility which must be assumed by the business community. He pointed out that since low-income families cannot meet the established, unrealistic credit-rating standards imposed by reputable merchants, they are channeled directly into the hands of unscrupulous merchants who sell inferior products at inflated prices. Consequently, the significant buying power of these families is dissipated. Green said: "The pernicious economic system which forces the poor to pay more while buying less must be reversed. The effect of this bankruptcy campaign will be to remove low-income families from economic bondage. Once freed, they must be allowed -- indeed, encouraged -- to shop with reputable merchants, where they will get maximum value.

"We fully expect the reputable merchants to go out and aggressively solicit this new market. We also expect our local government to encourage this activity, even to the point of subsidizing merchant-run consumer education programs."

more...more...more...more...more...more

The ADA goal of a D.C. Consumer Protection Commission recognizes the recent creation of similar commissions in other parts of the country.

Arthur Strout, ADA Deputy Chairman, suggested that initially the Commission should have authority to investigate consumer claims concerning the quality, packaging, pricing, merchandising, and warranty of products. Strout explained: "While recent, rapid advances in technology have raised our material standard of living, some of these same advances have unfortunately been used to place the consumer in a vulnerable, unfair position. For example, not too many years ago we all understood the rather simple mechanical and financial workings of an automobile that was only a means of transportation. Today's automobile has become a mobile, high fidelity, stereophonic, air-cooled boudoir, mounted on sixteen-ply chemicals. One has to be a Wall Street trader when negotiating an auto purchase and an engineer when repairs are needed. To get your car back from the garage it helps to have the patience of Job, the persistence of a bulldog, and the wealth of a Ford.

"The philosophy of 'Let the buyer beware' should have gone out when the impersonality of mass production came in. The philosophy of today must become 'Let the seller be fair.'"

In setting its new goals, ADA referred to its leadership role in bringing about the adoption of fair housing and equal employment regulations in D.C. The support and assistance of all organizations and individuals who share their interest in consumer education and consumer protection was invited by ADA.

end...end...end...end...end...end



THE GOVERNMENT WORKER'S NEWS

Official Publication of Government Workers Union Local 1
American Federation of State, County and Municipal Employees, AFL-CIO

Volume 4

October, 1967

Number 5

J. C. Turner, Pres. of Labor Council, Appointed to New City Council

Union members throughout Washington have a reason to look toward the newly-appointed Council for the District with great confidence. One of the most prominent members of that body will be Bro. J. C. Turner, the longtime President of the Greater Washington Central Labor Council and a true friend to Local 1.

His appointment was hailed by George



J. C. Turner

Meany, Pres. of AFL-CIO, as a real step forward for labor in the Washington community. "We expect," he said, "that the new city government will immediately turn its attention to the major problems that beset Washington and we look with confidence to early action to meet the city's needs."

Bro. Turner is well known in the labor movement for heading up one of the country's most successful central bodies. He has consistently urged local unions to do their utmost to train and advance Negro members and is largely responsible for setting up the D.C. Apprenticeship Information Center which has placed over 300 Negro men in apprenticeship jobs. Thanks to his leadership, Washington has the best record in the nation in this respect.

(See page 3)

Hobson Speaks On Bankruptcy

Space limitations prevented us from reporting in the last issue that Julius Hobson, Chairman of ACT, and Don Green, Chairman of the Washington Chapter of ADA, spoke on their bankruptcy campaign at the July 20 membership meeting.

Pointing out that such distinguished Americans as Andrew Carnegie and Harry Truman had availed themselves of bankruptcy, Mr. Hobson stated that for many of the poor the only way out of the morass of debt in which they are entangled is to file bankruptcy. Businessmen, he pointed out, make frequent use of the courts to escape their debts, but the poor often feel it is somehow immoral. Since most of the debts of the poor result from unscrupulous practices of some merchants, he said it was silly for the poor to worry about morality in this context.

Mr. Green described the consumer education program with which ADA and other groups will supplement the bankruptcy program. They will also attempt to establish new credit for bankrupts with reputable firms. If mass bankruptcy succeeds, there will be millions of dollars freed for new purchasing, and both Mr. Green and Mr. Hobson feel that reputable businesses will not be slow in their efforts to tap this new market.

There are many questions still to be raised about the bankruptcy campaign, which has received national attention. It was the feeling of officers present that the Local's Executive Board should look into the subject carefully in order to determine our position.

Labor School Starts At American University

After years of work on the part of the Central Labor Council, local Washington area union members are finally getting a real labor school. Based largely on a regular grant from the Labor Council, American University has established a Labor Studies Center, which will start this month by offering two courses open only to union members.

The two courses are "The History of Organized Labor in the United States" and "Public Employees and Collective Bargaining," both of which will be 8-week courses. We in Local 1 are particularly glad to see a course directed to our special needs and response has been great to the invitation to register. The Local Executive Board meeting on Sep-

(See page 4)

Welfare Members Learn Value of Blood-Banking

Many government workers have participated in the Red Cross Blood Bank program in their agency, but fortunately few ever have so great a need for this service as one of our members in the Public Assistance Division of the Welfare Dept. When Mrs. Aloma Fitzhugh, a Unit Clerical Assistant, recently gave birth to her child she was dismayed to learn that her child would require a complete blood transfusion to ensure her baby's health. Personnel at Providence Hospital told her that the type of blood needed was not available and, worse yet, misled her into thinking that the Red Cross also had no such blood available. Because of this, the hospital made no request to Red Cross for the vital blood until urgent calls from the PAD Blood Bank Coordinator Mrs.

(See page 3)

The President's Column

By WILLIAM MIRENGOFF



THE BANKRUPTCY PROGRAM

For thousands of Washington families, the quality of life is poisoned by a crushing burden of debt. For most of these families, it is pointless, and cruel, to suggest that their problems are of their own making, or that they should have exercised prudence. In our economy, the name of the game is credit. Among the poor, and even the middle income groups, it takes a superhuman frugality to operate without credit in buying a car, furnishing a house, or outfitting a family.

The poor work under a terrible set of handicaps when they set out to use credit. Until fairly recently, most Negroes simply could not get credit in the big department stores, and many still cannot because their incomes are too low. Forced to go to easy credit stores, they run into higher prices, lower quality, misleading advertising, and high pressure salesmanship. A number of stores have deliberately, with malice aforethought, pushed Negroes into unreasonable debt. Often there has been a certain amount of fraud connected with this, particularly with the illiterates or with people who themselves are so honest they trust anyone.

There was once a time when the urban poor lived in "real" slums, without electricity, plumbing or central heating, at low rents. In those days, also, the poor could and did buy food which was both low in nutritional quality and cheap. Those days are gone forever. A poor family living in a house can no longer

get heat by buying a quarter's worth of wood, or a 50-cent order of coal; they must pay a gas or oil bill. Rents are higher than for the middle class, for infinitely less quality and space. Electric bills must be paid. Food standards have gone up, but the poor must pay more than others. In other words, the fixed expenses have risen sharply, while rise in income has not kept pace.

This has been one of the most unfortunate by-products of urban renewal: Urban renewal destroyed the environment in which the poor could survive on a day-to-day basis, but nothing was done to make it possible to survive in the new environment. A central oil furnace is only superior to a coal or wood-burning stove if you can afford the oil.

Thousands of poor families which had been able to maintain good credit with the easy credit stores suddenly found themselves faced with sharp increases in the cost of maintaining their homes. Denied credit by the so-called "reputable" department stores, many were forced into over-expansion. Their problem was not a moral one—this is no place for moral economics. Theirs was an economic problem, for which there must be an economic solution.

What is our Local's responsibility in this area? Many of our own members face this terrible burden, and here we are of course concerned. Even beyond that, however, can we ignore the plight of the poor in general? Together with our International and the entire AFL-CIO, we are dedicated to the abolition of poverty. There can be no question of where we stand, but what actions shall we take?

We have been largely successful in getting the District Government to stop acting as a collection agency, suspending employees for non-payment of unfair debts. We must remain vigilant in this area. We must support legislation for credit controls and fair trading practices—Truth-in-Lending and Truth-in-Packaging. We must continue to fight for wages comfortably above the poverty levels. Beyond this, there may be forms of direct action we can take. This is something to be seriously discussed by the Executive Board and laid before the membership.

Of one thing I am sure, Local One will play a dynamic and creative role in the fight to free the poor of Washington from their monstrous burden of debt.

The Government Worker's News

Publication of Government Workers Union Local 1, American Federation of State, County and Municipal Employees, AFL-CIO. Send mail to 1003 K Street, N.W., Washington, D.C. 20001, (Phone RE. 7-4808).

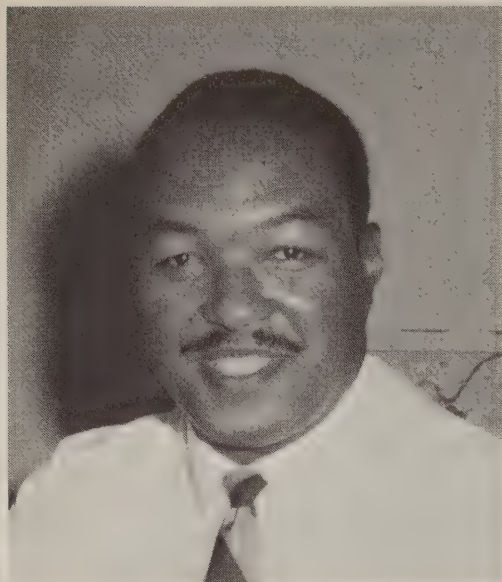
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William Mirengoff, *President*
George Tillman, *Vice President*
Harry M. Redman, *Treasurer*
Isabelle Hamilton, *Secretary*
William Miller, *Trustee*
Harry Dandridge, *Trustee*
Muriel Fine, *Trustee*

INTERNATIONAL OFFICERS

Jerry Wurf, *President*
Joseph Ames, *Secretary-Treasurer*

Meet Our New Organizers



Mel Clark

Union members in the Welfare Dept. already know Bro. Clark who has been a Local 1 member since 1963 when he was with Public Assistance. Bro. Clark has served as a Steward in PAD and, later, as Chief Steward for the Work Opportunity and Training Center which he organized for Local 1.

Bro. Clark has held a very interesting variety of jobs, all of which will be of real help to the union in his work. He received his degree from Howard University in the field of psychology and since then has worked as a social worker, an insurance investigator, executive vice-president for a local company, and as an assistant floor director at WTOP-TV.

Bro. Clark readily applied for the Organizer job because of his determination to broaden his knowledge and experience in the labor movement. At the present time he is working largely with the chapters at St. Elizabeths Hospital.

Blood-Banking

(From page 1)

Mosler to the hospital and from the Local Union office to the local Red Cross Blood Bank. Once the request was made, Red Cross, which *did* have the blood at hand, immediately supplied it. At last report, both mother and child are in good health, BUT ONLY BECAUSE VITAL BLOOD WAS IMMEDIATELY AVAILABLE FROM THE RED CROSS.

This is important for every union member to remember: When you give blood in your agency's blood bank program, you are protecting not only *yourself*, but *every* member of your family in *every* state of the nation. By giving, you are *insured* for the future for any need you and your family may have for blood.

DO NOT ASSUME THAT BECAUSE YOU ARE IN A HOSPITAL YOU



Miss Amy Hatcher

Since Miss Hatcher joined the Local 1 staff some weeks ago, she has already become known to a wide portion of local members. She is assigned primarily to work with Howard University/Freedmen's Hospital chapters. She is currently assigned as well to the Sanitary Engineering Chapters. In addition, her experience has particularly suited her to serve as Assistant to the Business Representative.

Miss Hatcher is a native Washingtonian and one who has an impressive amount of education and job experience. She attended Antioch College and the Albert Schweitzer College in Switzerland and has a degree as a psychologist.

She has worked as a research assistant with the D.C. Health and Welfare Council and with the Veterans Administration, but most recently was employed as an Employee Relations Specialist with the Department of Sanitary Engineering. While there she gained a great deal of experience in the business of handling disciplinary actions and is thoroughly familiar with a variety of personnel matters. It was while in this job that she learned about what Local 1 was doing to help the men in Sanitary Engineering and decided that she would like to join the union effort.

WILL GET THE BLOOD YOU NEED. Many hospitals do not fully participate in Red Cross blood programs—but if *you* participate, then you can get the blood you need whenever you need it just by having your agency's blood bank coordinator call Red Cross to request it. Make sure that you give blood in your agency's blood bank program next time you are asked. Having blood in the bank can save your life far more certainly than having money in the bank. When you withdraw your deposit, the "interest" may be your life! BE A DONOR!

Local Union Office Extends Hours

Beginning immediately, the Local 1 office will open on a new, extended schedule to make it easier for union members and officers to get in touch with someone when a problem comes up. The office will be open not only for more hours on weekdays but will also be open on Saturday mornings. The new hours are:

Monday thru Thursday..... 9 to 6:30

Friday..... 9 to 5

Saturday..... 10 to 12 noon

While not all the Local staff will be in the office for these hours, at least one Organizer will be available to discuss problems and to see that the particular person you want to reach is notified of the problem. Union members are, of course, urged to take grievances to their stop stewards first, but it is hoped that these new hours will also help make it easier for union members to get help quickly and for Chapter Stewards and officers to use the resources of the Local office.

Welfare Chapter Honors Fred Smith

A special affair for the purpose of honoring a longtime Union Steward and hard worker, Bro. Fred Smith, was held by the members of the Family and Children's Services Chapter on August 18. Bro. Smith has suffered several very serious heart attacks and it was felt by the Chapter that his years of work building the union should not go unnoted.

About 150 fellow union members and workers attended the affair, which was held in the Union Hall. It was catered by Sister Joan Bates and music was provided without cost by the Split-Sound Trio, featuring Bro. D. Stewart of the Transcribing Unit.

Another feature of the evening was the installation of Chapter officers, conducted by Local Pres. Bill Mirengoff.

A number of persons worked hard to make the benefit a success but the champ was Bro. G. F. Bingham, who collected \$96 for the affair, and the total collected for the use of Bro. Smith was some \$250. This should be of some help to Bro. Smith, who has had a number of weeks without pay during his convalescence.

J. C. Turner

(From page 1)

Local 1 has always had the firm support of Pres. Turner in our annual legislative testimony and he was very helpful in arranging meetings at the District Building when we were fighting for a new Welfare building.

There is no question but that the working men and women of Washington now have a real spokesman in the new D.C. Government—one whose interest is in fighting poverty, discrimination, unemployment, and exploitation in all its forms.

Erma Taylor (DCGH) Wins Election



Erma Taylor

In another landmark case, Sister Erma Taylor has won election to the District of Columbia Wage Scale Board as an employee representative for the Departments of Public Health and Public Welfare. In the election, which was conducted Aug. 25, Sister Taylor won what was termed a "landslide victory," receiving 139 votes out of the 350 votes cast. Her term will expire Dec. 31, 1969.

This is a highly important victory, for

UNION CALENDAR — OCTOBER

Oct. 10—Tuesday	D.C. General Chapter	11:30-1	Medical Aud. DCGH
11—Wednesday	Children's Center	8 PM	Union Hall
16—Monday	Central Labor Council	8 PM	Hamilton Hotel
17—Tuesday	Junior Village	2-4 PM	Junior Village
18—Wednesday	Local Executive Board	8 PM	Union Hall
23—Monday	St. Eliz. Housekeeping	8 PM	Union Hall
25—Wednesday	D.C. Village Chapter	11:30-1	3rd Fl. Day Room
	FAB (Institutions)	4 PM	D.C. Village
	St. Eliz. Dietary	8 PM	Union Hall
26—Thursday	St. Eliz. Nursing Asst.	8 PM	Union Hall

it makes Local 1 the only union with two employee representative members sitting on the Wage Scale Board. The Board has the important function of setting the pay rates for D.C. Government blue-collar workers in accordance with the area's prevailing wages. While Sister Taylor and Bro. Charles Jones do not represent Local 1 as such on serving on the Board, at least workers whose pay is set by the Board will know that their ability to do a job in representing them is backed up by the union!

Attend Your Union Meeting

Labor School Starts

(From page 1)

tember 21 voted to pay the \$24 tuition for up to 12 Local 1 members to attend these courses. All applicants must be recommended by their local unions.

These two courses are just the beginning. The new Director of the Labor Studies Center, Jack MacKenzie, has promised a continuing string of interesting and helpful courses directed to deeds of union leaders and interested union members. One of the most popular courses which will be offered several times each year is the one on Labor History. Union members interested in learning more about the Labor Studies Center and what it offers are urged to contact Mr. Johnson at the Union office.

AFSCME, Local One
1003 K St., N. W.
Room 307
Washington, D.C. 20001



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GOVERNMENT WORKERS UNION + LOCAL 1 AFS-CME

DON'T MISS THIS JULY

LOCAL ONE

MEMBERSHIP MEETING

JULIUS W. HOBSON

WASHINGTON'S MILITANT, WILL DISCUSS HIS
LATEST CAMPAIGN — BANKRUPTCY!

In 1958, Mr. Hobson launched his campaign against discriminatory promotion policies in the Police Department. At that time no Negro had ever been made Sergeant in the uniformed forces. Now look.....

In 1961, Mr. Hobson launched his drive to integrate the sales forces of downtown stores, new car dealers, etc. Whenever you go shopping, you see the results.....

In 1963, Mr. Hobson started his campaign to get rid of the track system in the D.C. Public Schools. A lot of people laughed when the school suit was filed, but the results are history now.

NOW, July 1967, Mr. Hobson pushes forward with the BANKRUPTCY PROGRAM - A WEAPON AGAINST POVERTY. With this program, war is declared on the leeches who prey on the poor. When this plan was first discussed last year, a lot of people laughed. Today they are listening.

Come and hear for yourself!!

THURSDAY JULY 20 AT 8 PM

Room 800 - 1003 K ST. N.W.

In fact, we wouldn't have had the Hobson v. Hansen case if it hadn't been for the white radicals and black people in this town to support

The bankruptcy program which we are running--I've got 35-40 boys went to the Black Power Association with it and said look boys I've got a proposal for bankruptcy--let's wreck the economy and let's throw out that crap about bootstrap operation, you can't pull yourself up by your bootstraps. The day when you can turn .50¢ into a million dollars

and no more economic frontiers in this country, we have monopoly,

, and everything against this kind of self help crap. And I think we do not want to get caught off on that and then put it on an ~~inadequate~~ inadequate group of people and then when a decade passes you blame them. That's the danger it seems to me of this whole trend at the present time in the Adams-Morgan ~~area~~ and in any other area.

question

I don't think you can ~~equite~~ capitalism with democracy--it's a contradiction of concept. Capitalism as I understand it is not a democratic concept. *Democracy is a political system*

And then try to impose on that a political system which we call democracy just seems to be a contradiction. Socialism is a word I use for lack of another word, and when I say socialism I really don't know what kind of system they got in China and the Soviet Union and don't care, but what I do know is that there are countries in the world that are open and came about through revolution on other countries which there has been a redistribution on this, there has been a social responsibility that has been

taken up by the . I named Scandinavian countries, Sweden, Norway, countries like that, ~~and then~~ North Canada, Great Britain, where there is a trend away from the/^{kind}~~type~~ of strict laissez faire system which we have ~~that system~~ and which we really can try to impose democracy on. We 've got a democratic political system by definition theoretically. Assuming that black people vote we have a democratic political system where you elect your representatives and they speak for you, but our failing~~x~~ it seems to me is we take this and we impose it on various undemocratic economic systems which will not accommodate Now certainly I am not arguing for a dictatorship. I don't to see want/the political system to turn into a dictatorship run by a man who ~~thinks~~ the economic resources, but I do want to see an economic system which we can impose this equity democracy upon which will bring about more/~~equity~~, and when I say equity I am not talking about taking the Gross National Product and dividing it by the total population and passing out equal shares. I don't think Carl Marx ever talked about that either~~that~~ he talked about Communism, but nobody that I know that studied socialism has talked about that. I'm talking about an equitable social responsible government running an economic system which is conducive to the kinds of social change and the kind of up lift for people in a society who can't lift themselves up within the framework, and you and I will be the first to admit that we are not really responsible for the position that we are in. We are lucky as hell. My daddy could have told me boy go out there and pick that cotton instead of going down there to college. We need the money--a lot of black daddies told their

sons that and a lot of white daddies told their son's that, but he didn't, so I was lucky, so whatever I do or whatever I have done or whatever I will do is not always of my own volitions. It is part luck and there are other people that have had bad luck, and we want a set of economic conditions where we minimize bad luck, and where we make it possible to be more socially responsible and really turn out to be what the Christians call our 'brother's keeper'.

question

A minority inside a majority isn't the white man's country by any definition and we don't function in this country as a minority in the same way that the Egyptians functioned in Egypt as a majority. We don't function

I don't think you can put it in terms of socialism, I don't think you can put it in terms of capitalism or mutualism or catholicism or any kind of ism. But I think if you read very carefully the short history of our lives

Ad Hoc Hearings on Discrimination in Employment
Sponsored by Congressmen John Conyers, (Mich.), Charles Diggs, (Mich.)
John Dow (N.Y.), Augustus Hawkins (Cal.), Henry Helstoski, (N.J.),
Robert Nix (Pa.), William F. Ryan (N.Y.)

SCHEDULE OF WITNESSES

Wednesday, December 4

10:00 a.m.	Martin Sloane, U.S. Civil Rights Commission.
11:00 a.m.	Girard Clark, Former Director of the Office of Contract Compliance, Department of Defense
11:45 a.m.	Father Henry Casso, Vicar of Public Affairs, San Antonio, Texas

2:00 p.m.	Jack Moscowitz, Deputy Assistant Secretary, for Civil Rights and Industrial Relations, Department of Defense.
3:00 p.m.	Robert Easley, NAACP Labor Department
3:34 p.m.	Chester Shore, American Veterans Committee

Thursday, December 5

10:00 a.m.	Ward McCreedy, Director, Office of Federal Contract Compliance, Department of Labor.
11:00 a.m.	Herbert Hill, National Director of Labor, NAACP.

Washington, D.C.
10 October 1966

MEMORANDUM

TO: Black Power Advocates

FROM: Julius W. Hobson, Chairman
Arrangements Committee
Black Power Conference
November 24-26, 1966
Washington, D.C.

SUBJECT: Freedom From Debt---Through Bankruptcy

A set of laws was enacted during the Populist period to free the poor from oppressive debt imposed upon them through usury and exploitation by the rich.

Known as the Federal Bankruptcy Laws, they have been scarcely touched by America's poor black people who remain largely ignorant of this powerful self-help weapon within their reach.

Powerful banking, industrial and political interests do not wish poor black people to learn of a tool they can seize to cut away the burden of back rent, back payments on the family TV set or furniture, unjust high interest loans. And to make sure they don't reach for such a tool, they have spread an image of shamefulness about declaring bankruptcy. Shameful to unload weeks of back rent for a rundown apartment! Shameful to quit payments on a TV set that, through high interest charges, cost him more than it would his rich landlord who doesn't have to buy it on time!

This legal tool holds tremendous promise for the poor in your communities. It only remains for black power advocates and leadership to bring its advantages to the attention of poor black victims of our jungle economy, and assist them in using it.

I propose, therefore, that delegates to this conference study this proposal and launch a nationwide bankruptcy campaign among all poor black citizens.

(Over)

2.)

I am convinced that, properly and swiftly implemented, this tool can strike deeply at the economic and credit institutions that depend for life upon the exploitation of a certain percentage of the population. There can be no upper or middle economic classes without a lower economic class to support it. History records no such feat.

No people in history have been exploited more than Afro-Americans. No other Americans are more prey to the dehumanizing ills of a capitalist system---grinding poverty, unemployment, inadequate housing, lousy schools, and year in and year out---owing "the Man".

No, no other Americans have more reason to seize and wield any tool with which to overthrow this economic tyranny.

It is a simple tool. The lawyers in your neighborhood poverty programs are required to assist the poor with any legal problems they may have. The cost to a poor person is only fifty dollars, and can be paid in installments.

Black people have paid through the nose for 400 years of white privilege and exploitation. They owe not one dime more. Let us grab this and any other means, to seize for ourselves Whitey's back payments.

JWH:rvc

PROPOSAL FOR THE USE OF THE FEDERAL BANKRUPTCY LAW TO BENEFIT THE POOR

The extensive system of national bankruptcy law (Title 11 of the U.S. Code) has generally been thought of as existing for the benefit of people who fail to make a go of their businesses, or of their personal affairs when a considerable sum of money is involved, and for the benefit of the creditors of these people. The use of bankruptcy for the benefit of the poor is relatively non-existent. The purpose of this proposal is to suggest that bankruptcy be used widely across the nation by the poor, particularly in the ghetto areas of the big cities and to demonstrate its great opportunity and ready availability for use.

Explanation:

"At the end of every seven years you shall grant a release. And this is the manner of the release: every creditor shall release what he has lent to his neighbor; he shall not exact it of his neighbor, his brother, because the Lord's release has been proclaimed." Holy Bible, Deuteronomy, Ch. 15, verses 1-2.

These words of the Bible point out how the ancient Hebrews were directed by the Lord to forgive their neighbors of their debts once every seven years so that they might have a fresh start in life. This principle is today the keystone of the usefulness of the U.S. bankruptcy law to the poor. Under the present law a poor person (or, indeed, any person) may apply for a discharge of all of his debts in a federal bankruptcy court. These debts include money owed to banks, finance companies, personal debts, debts reduced to judgment in a lawsuit, rent, telephone bills, charge accounts, gas bills, electric bills, and with a few exceptions, all other debts of any kind. However, there are two basic catches:

First, all property except for certain exemptions, primarily furniture, clothing, and personal items, must be surrendered to the bankruptcy court. These exemptions depend upon state law, and often include a car if used in the bankrupt's work. Examples of the exemptions of some key states are listed at the end of this proposal.

Second, all property, including particularly cars and furniture that is in the process of being purchased under a conditional sale, chattel mortgage, or other such contract can be repossessed.

But there are at least partial answers to these two catches: (1) Any of this property can be sold at fair value up to four months before filing the bankruptcy papers and the cash used to buy food, other necessities, or to buy or pay off debts on exempt property (thereby protecting the money from going into the bankruptcy proceedings). Up to a year before filing for bankruptcy, property can even be given away. It is always better to give or sell to a friend rather than a relative. (2) The debts on exempt property (e.g. furniture) can be paid off before filing for bankruptcy and thereby protected from repossession; or, as may always be done, the debt owed can simply not be listed in the bankruptcy papers and the bankrupt can simply continue paying for the item.

Example:

A simple example might prove useful at this point: Suppose a man and his wife owe the following bills and own the following property and that the man works for \$50 per week and his wife works for \$40 per week:

<u>BILLS</u>		<u>PROPERTY</u>	
Rent	\$ 200	Furniture	\$ 450
Gas	35	(including T.V.)	
Electric	25	Car	2,000
Phone	50	Clothes	350
Finance Company	650		<u>\$2,800</u>
Bank	350		
Car	1,650		
T.V. set	95		
Furniture	275		
Groceries	85		
Other assorted bills	<u>350</u>		
	\$3,765		

Assume also that the wages of both are under threat of garnishment by the finance company and by the other creditors and that they are unable to pay and are being constantly harrassed.

They may file a voluntary petition in bankruptcy, which they can fill out themselves, together with the payment of a \$50 filing fee (none of which need be paid at the time of filing and all of which may be paid in installments over a 6 month period). The filing itself automatically operates to make them bankrupts with the following consequences:

(1) The rent, gas, electric, phone and grocery bills are wiped out and made void; (2) the finance company and bank loans are also wiped out but any furniture (or other property) that has been placed as security for these loans may be taken by the finance company or banks; (3) any and all legal proceedings in any state or federal court to collect any of the debts are immediately stopped and any further action taken in those proceedings against the bankrupts are absolutely void; (4) there is no longer any threat of garnishment of any wages; (5) there is a \$350 equity (net value) to the car; therefore, the bankrupt couple may either elect to get their full use out of the car before filing the bankruptcy papers and then turn it in or to not include it in the bankruptcy papers and to keep paying on it (note: if they continue to pay, they should be sure that it is protected by the state exemption law and also is not mortgaged as security for another debt); (6) the couple keeps the clothes and the non-mortgaged furniture (including T.V., books, pictures, utensils, appliances, etc.); and (7) the couple must wait six years before they can again take the benefits of the bankruptcy law.

A Few Procedural and Practical Comments:

(1) Note that no cash is necessary to file the papers, but that the

\$50 fee must be paid at least in installments over 6 months, otherwise the "discharge", which voids finally all the debts, will not be granted.

(2) No lawyer is necessary, though it is obviously good to have advice of some sort from a person with a working knowledge of the bankruptcy law. Lawyers generally cost \$200 or more -- far more than most people can pay and generally one is not absolutely needed.

(3) The general public is always told that "bankruptcy is bad for your credit rating" -- frequently by the loan sharks -- who are scared stiff of losing their "investments". Nothing could be further from the truth, since a person is a far better credit risk after bankruptcy for two simple reasons: (a) his financial position is far stronger, and (b) he can't take the benefits of the bankruptcy law again for six years.

(4) Within a few days of filing the petition, the bankruptcy court mails out notices to all the listed creditors. In effect this is legal notice to them that their claims are now being voided and that they continue to hound the bankrupt at the peril of contempt of the bankruptcy court.

(5) The bankrupt must attend the creditor's meeting called by the referee of the bankruptcy court.

(6) The bankrupt should never agree either orally or in writing after the filing of the bankruptcy petition to pay any creditor any part or all of the old debt, otherwise the discharge will not be effective to void that particular debt.

Conclusion:

The great, untapped benefits of the bankruptcy law to the nation's poor appears to be almost unknown. For example, in 1964 only about 90 persons filed petitions for voluntary bankruptcy in the District of Columbia. Yet, one could reasonably guess that literally tens of thousands of poor persons have a desperate need of the help of the bankruptcy law. Of course, merchants, banks, finance companies, and public utilities will bitterly oppose the expanded use of bankruptcy and may take all sorts of extreme measures to prevent its use. Nevertheless, it is the law; and every American citizen is entitled to its benefits, regardless of the highly disruptive effects that a mass filing of bankruptcies may have upon the financial and commercial community of a particular city or of the nation. The real tragedy, of course, is the existence of an oppressive credit structure that shackles the poor and the low-wage earner.

September 26, 1966.

William L. Higgs
Counsel for ACT

Julius W. Hobson
Chairman of ACT

APPENDIX A: FORMS AND EXPLANATORY COMMENT

The forms are divided into five parts:

First, there is the Petition, which is the formal request to the Bankruptcy court for relief. This is Form 1. The proper court designation can be found by calling up the clerk of the U.S. District Court and asking for the information. The judge's name should be left blank, since the case will probably be assigned either to a particular judge or to the referee. The bankrupt should fill in his name, address, etc., in the appropriate blanks. Finally, the oath at the end can be taken before the clerk at the time of filing all of the papers together; this is probably the better, cheaper, and easier procedure. Unless it appears otherwise, the papers should all be typed neatly, legal size, and double spaced.

Second, there is the Statement of Affairs, of the bankrupt, which is a general run-down of the bankrupt's financial activities. This is Form 2. (Most poor persons will answer all questions with "none", as is true of most of the forms in filing for bankruptcy; nevertheless, the law requires that all the forms be filled out in some way.) Items 6 and 7 will rarely apply to anyone who is poor. The other items are fairly simple and should be easy to fill out.

Third, there is the Statement of all Debts of Bankrupt, which lists all of the debts of the bankrupt by the type of debt involved. This is Form 3 (called Schedule A when filed.) Schedule A is divided into five parts. The first part calls for the listing of certain types of debts that must be paid, if any money is available, before other debts are paid. In filling out this part, it is best to simply state in words, in detail, the exact circumstances surrounding the debt to the best of one's ability, since the legal terminology can be confusing. The second part calls for the listing of debts which are secured by mortgages, conditional credit agreements, or by holding such documents as bonds or insurance policies as security. The third part calls for the listing of debts which are unsecured. The words "contingent, unliquidated, or disputed" mean, respectively, "uncertain as to whether actually owed or not, depending on whether or not a certain event happens", "uncertain as to how much the debt is (such as a damage claim from an auto accident)" and "a disagreement exists as to whether there's a debt in the first place." "Consideration of the debt" means "the things or money one received when the debt was created (such as a money loan or groceries or telephone service)". The fourth part calls for the listing of all liabilities on notes or other documents which one has done for consideration (generally resulting from a business deal). The fifth part requires the listing of all notes or other documents that one has signed or "gone on" for no consideration such as signing for a friend to help him borrow money).

Fourth, there is the Statement of all Property of Bankrupt, which lists all the property of the bankrupt by the type of property involved. This is Form 4 (called Schedule B when filed). Schedule B is divided into six parts. The first part calls for the listing of all real estate. ("Incumbrance" means "mortgage or other security instrument".) The second

part calls for personal property. The third part calls for amounts owed to the bankrupt. The fourth part calls for the listing of property, for example, that one will own at some future date or that one can control the disposition of but does not own himself. Fifth, and very important, is the list of property claimed as exempt. This part should be fully and carefully filled out, since this determines the property that one can keep. (See the Appendix for selected states' exemption laws.) Part six calls for a listing of the bankrupt's financial papers.

Fifth, and finally, there is the Summary of Debts and Assets, (Form 5) which can be filled out easily from Forms 3 and 4. Forms 1 through 4 must be sworn to; this can most easily be done at the time of filing.

APPENDIX B: STATUTORY EXEMPTIONS OF SELECTED STATES

Note: This listing is not authoritative, but it does give a general idea of the exemptions of the selected states and of what is to be expected from other states.

ALABAMA: An occupied homestead (160 acres, \$2000); all clothing; all family pictures; selected goods (\$1000).

CALIFORNIA: An occupied homestead (\$1000); an occupied house trailer (\$2500); all clothing; furniture and books (\$200); necessary household equipment: 1 refrigerator, 1 washing machine, 1 sewing machine, 1 stove, beds and bedding; pictures; all clothing; food and fuel (3 months); 1 radio, 1 television; 1 piano; 1 rifle, 1 shotgun; all equipment necessary for trade or profession; transportation; automobile (\$250) or animal; 50% of earnings for 30 days next preceding; benefits from life insurance (\$500), disability and health insurance (\$500); all benefits from government (pension, disability benefits, etc.).

ILLINOIS: An occupied homestead (\$1000); all clothes; bible, school books, family pictures; selected goods (\$400); all benefits from military service: (pension disability benefits, etc.) for 1 year next preceding.

MARYLAND: An occupied homestead; all clothing; selected goods; (\$100); equipment necessary for profession or trade; all money from insurance.

MASSACHUSETTS: An occupied homestead (\$4000); all clothing; beds and bedding; iron stove and fuel (\$20); other furniture (\$1000); bibles, school books; other books (\$50); food (\$50); 1 sewing machine (\$100); equipment necessary for profession or trade.

MICHIGAN: An occupied homestead (\$3500); all clothing; family pictures; food and fuel (6 months); selected goods, furniture, utensils, books and appliances (\$1000); equipment necessary for business or trade; all benefits from insurance.

MISSISSIPPI: An occupied homestead (\$3,000, 160 acres); all clothing; school books; family pictures (\$1200); furniture (\$1200); meat (500 lb.); wheat or rice (10 bu.), 40 gallons of sorghum or molasses or cane syrup; wages (head of family \$100 a month, others \$50); benefits from insurance; 1 sewing machine.

MISSOURI: An occupied homestead (size and cost vary); all clothing; bible, school books; family pictures; furniture (\$200); food and fuel (\$200); equipment of profession or trade; \$500 in selected goods.

NEW YORK: An occupied homestead (\$1000); all clothing; bible, school books; family pictures; other books (\$50); stove; food and fuel (60 days); 1 refrigerator, 1 radio, utensils; wedding ring and watch (\$35); 1 sewing machine; equipment of profession or trade; 90% of earnings 60 days next preceding; 90% of income from a trust.

OHIO: An occupied homestead (\$1000); clothes (\$100 a person); beds and bedding; cooking stove; heating stove; fuel for 50 days; all books and family pictures; food (\$50); earnings 30 days next preceding (90% of first \$300 and 60% of remainder).

SOUTH CAROLINA: An occupied homestead (\$1000); goods (\$500); clothes and equipment of profession or trade of head of family (\$300); all wages (60 days); all property of dependents is exempt.

TEXAS: An occupied homestead (\$5000 in town, other 200 acres); all books and pictures; all furniture; all clothes; equipment of profession or trade; current wages; benefits from life insurance.

DISTRICT OF COLUMBIA: Clothes up to \$300/person in family; furniture and appliances up to \$300; equipment of profession or trade (including car up to \$500 value); all books and pictures; wages for family head (\$200/month, otherwise \$60/month) for 2 months to provide for necessities.

FORM 1

DEBTOR'S PETITION

In the District Court of the United States for the _____ District of _____.

In the matter of :
:
: In Bankruptcy No. _____

Bankrupt :
:
:

PETITION

To the Honorable _____
Judge of the District Court of the United States for the _____
District of _____.

The petition of _____, residing at No. _____
Street, in _____ County of _____, State of _____,
by occupation a _____ and employed by _____
/or engaged in the business of _____, respectfully
represents:

1. Your petitioner has had his principal place of business (or has resided, or has had his domicile) at _____, within the above judicial district, for a longer portion of the six months immediately preceding the filing of this petition than in any other judicial district.

2. Your petitioner owes debts and is willing to surrender all his property for the benefit of his creditors, except such as is exempt by law, and desires to obtain the benefit of the Act of Congress relating to bankruptcy.

3. The schedule hereto annexed, marked Schedule A. and verified by your petitioner's oath, contains a full and true statement of all his debts, and, so far as it is possible to ascertain, the names and places of residence of his creditors, and such further statements concerning said debts as are required by the provisions of said Act.

4. The schedule hereto annexed, marked Schedule B., and verified by your petitioner's oath, contains an accurate inventory of all his property, real and personal, and such further statements concerning said property as are required by the provisions of said Act.

5. Petitioner prays, since he has no money to pay the filing fee, that he be allowed to pay said fee in installments.

Wherefore your petitioner prays that he may be adjudged by the court to be a bankrupt within the purview of said act.

Petitioner

_____, Attorney,
State of _____:
County of _____: ss.
:

(form continued on next page)

Form 1 (continued)

I, _____, the petitioner named in the foregoing petition,
do hereby make solemn oath that the statements contained herein are true
according to the best of my knowledge, information, and belief.

Petitioner

Subscribed and sworn to before me this _____
day of _____, 19____.

(Official character)

Form 2

Statement of Affairs
(For Bankrupt or Debtor Not Engaged in Business.)

(Note.--Each question should be answered or the failure to answer explained. If the answer is "none," this should be stated. If additional space is needed for the answer to any question, a separate sheet, properly identified and made a part hereof, should be used and attached.)

The term, "original petition," as used in the following questions, shall mean the petition filed under section 3b or 4a of chapter III, section 322 of chapter XI, section 422 of chapter XII, or section 622 of chapter XIII.)

1. Name and residence.

- A. What is your full name?
- b. Where do you now reside?
- c. Where else have you resided during the six years immediately preceding the filing of the original petition here?

2. Occupation and income.

- a. What is your occupation?
- b. Where are you now employed?
(Give the name and address of your employer, or the address at which you carry on your trade or profession, and the length of time you have been so employed.)
- c. Have you been in partnership with anyone, or engaged in any business, during the six years immediately preceding the filing of the original petition herein? (If so, give particulars, including names, dates and places.)
- d. What amount of income have you received from your trade or profession during each of the two years immediately preceding the filing of the original petition herein?
- e. What amount of income have you received from other sources during each of these two years? (Give particulars including each source, and the amount received therefrom.)

3. Income tax returns.

- a. Where did you file your last federal and state income tax returns, and for what years?

4. Bank accounts and safe deposit boxes.

- a. What bank accounts have you maintained, alone or together with any other person, and in your own or any other name, within the two years immediately preceding the filing of the original petition herein?
(Give the name and address of each bank, the name in which the deposit was maintained, and the name of every person authorized to make withdrawals from such account.)
- b. What safe deposit boxes or other depository or depositories have you kept or used for your securities, cash or other valuables, within the two years immediately preceding the filing of the original petition herein?
(Give the name and address of the bank or other depository, the name in which each box or other depository was kept, the name of every person who had the right of access thereto, a brief description of the contents

Form 2 (cont'd)

thereof, and, if surrendered, when surrendered, or, if transferred, when transferred and the name and address of the transferee.)

5. Books and records.

a. Have you kept books of account or records relating to your affairs within the two years immediately preceding the filing of the original petition herein?

b. In whose possession are these books or records? (Give names and addresses.)

c. Have you destroyed any books of account or records relating to your affairs within the two years immediately preceding the filing of the original petition herein? (If so, give particulars, including date of destruction and reason therefor.)

6. Property held in trust.

a. What property do you hold in trust for any other person? (Give name and address of each person, and a description of the property and the amount of value thereof.)

7. Prior bankruptcy or other proceedings: assignments for benefit of creditors.

a. What proceedings under the Bankruptcy Act have been brought by or against you during the six years immediately preceding the filing of the original petition herein? (Give the location of the bankruptcy court, the nature of the proceeding, and whether a discharge was granted or refused, or a composition, arrangement or plan was or was not confirmed.)

b. Was any of your property, at the time of the filing of the original petition herein, in the hands of a receiver or trustee? (If so, give the name and location of the court, the nature of the proceeding, a brief description of the property, and the name of the receiver or trustee.)

c. Have you made any assignment of your property for the benefit of your creditors, or any general settlement with your creditors, within the two years immediately preceding the filing of the original petition herein? (If so, give dates, the name of the assignee, and a brief statement of the terms of assignment or settlement.)

8. Suits, executions and attachments.

a. Have you been party plaintiff or defendant in any suit within the year immediately preceding the filing of the original petition herein? (If so, give the name and location of the court, the title and nature of the proceeding, and the result.)

b. Has any execution or attachment been levied against your property within the four months immediately preceding the filing of the original petition herein? (If so, give particulars, including property seized and at whose suit.)

9. Loans repaid.

a. What repayments of loans have you made during the year immediately preceding the filing of the original petition herein? (Give the name and address of the lender, the amount of the loan and when received, the amount and date when repaid, and, if the lender is a relative, the relationship.)

Form 2 (cont'd)

10. Transfer of property.

a. What property have you transferred or otherwise disposed of during the year immediately preceding the filing of the original petition? (Give description of the property, the date of the transfer or disposition, to whom transferred or how disposed of, and, if the transferee is a relative, the relationship, the consideration, if any, received therefor, and the disposition of such consideration.)

11. Losses.

a. Have you suffered any losses from fire, theft or gambling during the year immediately preceding the filing of the original petition herein? (If so, give particulars, including dates and the amounts of money or value and general description of property lost.)

Bankrupt /or Debtor/.

State of _____ :
County of _____ : ss.
:
:

I, _____, the person who subscribed to the foregoing statement of affairs, do hereby make solemn oath that the answers therein contained are true and complete to the best of my knowledge, information, and belief.

Bankrupt /or Debtor/

Subscribed and sworn to before me this _____ day of _____ 19____.

/Official character./

SCHEDULE A-STATEMENT OF ALL DEBTS OF BANKRUPT
SCHEDULE A-1

Statement of all creditors to whom priority is secured by the act

Claims which have priority	Reference to ledger or voucher	Names of creditors	Residences (if unknown, that fact must be stated.)	When and where incurred or contracted	Whether claim is contingent, unliquidated or disputed	Nature and consideration of the debt, and whether incurred or contracted as partner or joint contractor and, if so, with whom	Amount due or claimed
1.-Wages due workmen, servants, clerks, or traveling or city salesmen on salary or commission basis, whole or part time, whether or not selling exclusively for the bankrupt, to an amount not exceeding \$600 each, earned within three months before filing the petition.							\$
2.-Taxes due and owing to- 1) The United States. 2) The State of _____ 3) The county, district or municipality of _____, State of _____							
3.- (1) Debts owing to any person, including the United States is entitled to priority. (2) Rent owing to a landlord who is entitled to priority by the laws of the State of _____, earned within three months before filing the petition, for actual occupancy.							
Total							
_____, Petitioner							

SCHEDULE A-4

(N.B.-The dates of the notes or bills, and when due, with the names residences, and the business or occupation of the drawers, makers, acceptors, or indorsers thereof, are to be set forth under the names of the holders. If the names of the holders are not known, the name of the last holder known to the debtor shall be stated, and his business and place of residence. The same particulars shall be stated as to notes or bills on which the debtor is liable as indorser.)

SCHEDULE A-5

Accommodation paper

(N.B.—The dates of the notes or bills, and when due, with the names and residences of the drawers, makers, acceptors, and indorsers thereof, are to be set forth under the names of the holders, if the debtor be liable as drawer, maker, acceptor, or indorser thereof, it is to be stated accordingly. If the names of the holders are not known, the name of the last holder known to the debtor should be stated, with his residence. Give same particulars as to other commercial paper.)

Reference to ledger or voucher	Names of holders	Residences (if unknown, that fact must be stated)	Names and residences of persons accommodated	Place where contracted	Whether claim is disputed	Whether liabil- ity was con- tracted as part- ner or joint contractor, or with any other person; and, if so, with whom	Amount due or claim- ed
							\$
						Total	

_____, Petitioner

OATH TO SCHEDULE A

State of _____
County of _____ ss.

I, _____, the person who subscribed to the foregoing schedule do hereby make solemn oath that the said schedule is a statement of all my debts in accordance with the Act of Congress relating to bankruptcy, according to the best of my knowledge, information, and belief.

_____, Petitioner

Subscribed and sworn to before me this _____ day of _____, 19____

(Official character)

SCHEDULE B-STATEMENT OF ALL PROPERTY OF BANKRUPT

Real estate

_____, Petitioner

Personal property

Total

FORM 4 (Cont'd)

SCHEDULE B-3

Choses in action

a.-Debts due petitioner on open account.....
 b.-Policies of insurance.....
 c.-Unliquidated claims of every nature,
 with their estimated value.....
 d.-Deposits of money in banking insti-
 tutions and elsewhere.....

Total _____

\$

_____, Petitioner

SCHEDULE B-4

Property in reversion, remainder, or expectancy, including property held in trust for the debtor or subject to any power or right to dispose of or to charge.

(N.B.-A particular description of each interest must be entered, with a statement of the location of the property, the names and description of the persons now enjoying the same, the value thereof, and from whom and in what manner debtor's interest in such property is or will be derived. If all or any of the debtor's property has been conveyed by deed of assignment, or otherwise, for the benefit of creditors, the date of such deed should be stated, the name and address of the person to whom the property was conveyed, the amount realized as the proceeds thereof, and the disposal of the same, as far as known to the debtor.)

General interest	Particular description	Estimated value of interest
Interest in land.....		\$
Personal property.....		
Property in money, stock, shares, bonds, annuities, etc.....		
Rights and powers, legacies and bequests.		
Property heretofore conveyed for benefit of creditors.	Total _____	
Portion of debtor's property conveyed by deed of assignment, or otherwise, for the benefit of creditors; date of such deed, name and address of party to whom conveyed; amount realized therefrom, and disposal of same, as far as known to debtor.....		Amount realized as proceeds of property conveyed.
Attorney's fees.		
Sum or sums paid to counsel, and to whom for filing fees or costs and for services rendered or to be rendered in this bankruptcy.....		
	Total _____	

_____, Petitioner

FORM 4 (Cont'd)

SCHEDULE B-5

Property claimed as exempt from the operation of the act of Congress relating to bankruptcy

(N.B.-Each item of property must be stated, with its valuation, and, if any portion of it is real estate, its location, description and present use.)

Property claimed to be exempt by the laws of the United States with reference to the statute creating the exemption.....		Valuation
Property claimed to be exempt by State laws, with reference to the statute creating the exemption.....		\$
Total		

SCHEDULE B-6

Books, papers, deeds and writings relating to debtor's business and estate

The following is a true list of all books, papers, deeds and writings relating to petitioner's trade, business, dealings, estate and effects, or any part thereof, which, at the date of this petition, are in petitioner's possession or under petitioner's custody and control, or which are in the possession or custody of any person in trust for petitioner's use, benefit, or advantage; and also of all others which have been heretofore, at any time, in petitioner's possession, or under petitioner's custody or control, and which are now held by the parties whose names are hereinafter set forth, with the reason for their custody of the same.

Books	
Deeds	
Papers	

_____,Petitioner

OATH TO SCHEDULE B

State of _____ ss.
County of _____

I, _____, the person who subscribed to the foregoing schedule, do hereby make solemn oath that the said schedule is a statement of all my property, real and personal, in accordance with the Act of Congress relating to bankruptcy, according to the best of my knowledge, information, and belief.

Subscribed and sworn to before me this _____ day of _____, 19 _____,Petitioner

(Official character)

Form 5

Summary of debts and assets

/From the statements of the debtor in Schedules A and B./

Schedule A....	1-a	Wages.....
Schedule A....	1-b(1)	Taxes due United States.....
Schedule A....	1-b(2)	Taxes due States.....
Schedule A....	1-b(3)	Taxes due counties, districts and municipalities.....
Schedule A....	1-c(1)	Debts due any person, including the United States, having priority by laws of the United States.....
Schedule A....	1-c(2)	Rent having priority.....
Schedule A....	2	Secured claims.....
Schedule A....	3	Unsecured claims.....
Schedule A....	4	Notes and bills which ought to be paid by other parties thereto.....
Schedule A....	5	Accommodation paper.....

Schedule A, total.....

Schedule B....	1	Real estate.....
Schedule B....	2-a	Cash on hand.....
Schedule B....	2-b	Negotiable and non- negotiable instruments and securities.....
Schedule B....	2-c	Stock in trade.....
Schedule B....	2-d	Household goods.....
Schedule B....	2-e	Books, prints, and pictures.....
Schedule B....	2-f	Horses, cows, and other animals.....
Schedule B....	2-g	Automobiles and other vehicles.....
Schedule B....	2-h	Farming stock and implements.....
Schedule B....	2-i	Shipping and shares in vessels.....
Schedule B....	2-j	Machinery, fixtures, and tools.....
Schedule B....	2-k	Patents, copyrights, and trademarks.....
Schedule B....	2-l	Other personal property.....
Schedule B....	3-a	Debts due on open accounts.....
Schedule B....	3-b	Policies of insurance.....
Schedule B....	3-c	Unliquidated claims.....
Schedule B....	3-d	Deposits of money in banks and elsewhere.....
Schedule B....	4	Property in reversion, re- mainder, expectancy or trust.....
Schedule B....	5	Property claimed as exempt.....
Schedule B....	6	Books, deeds and papers.....

Schedule B, total.....

Representing Voluntary Bankrupts*

Max Schwartz**
of the Brooklyn, New York Bar
(Associate Editor)

THE USUAL REACTION of the general practitioner when he receives an inquiry respecting a voluntary bankruptcy proceeding is immediately to think of referring the proceeding to a bankruptcy practitioner. This is, perhaps, by reason of his unfamiliarity with the practice and procedure and a mistaken notion as to the difficulties to be encountered in the handling of a bankruptcy proceeding.

The volume of bankruptcy proceedings is astounding—and increasing annually—192,354 for the fiscal year ending June 30, 1966, of which 174,904 were non-business matters and only about 16,430 were those involving the conduct of business.¹ For the year ending June 30, 1967, it is expected that the number of bankruptcies will exceed 200,000 of which the non-business bankruptcy will constitute well over 90%, while the business bankruptcies will be under 10%. These non-business bankruptcies, it is estimated, will involve liabilities of about \$1,500,000,000.²

It is quite obvious that the voluntary bankruptcy proceeding is a vast legal field. The non-business bankrupts are primarily those of employees and housewives. In addition, it may also include executives and officers of corporations that have become involved in financial difficulties where they had either guaranteed or endorsed the obligations of their corporations.

Where there are no complications there is no reason why the general practitioner is not competent to handle such a proceeding. All that is necessary is some enlightenment on the conduct and procedure of a voluntary bankruptcy and some acquaintanceship with the fundamental requirements in connection with the filing of such proceeding.

The vast majority of the wage earner—non-business bankruptcies—are as a result of consumer financing, installment financing for the purchase of automobiles, household commodities, television sets, electrical appliances and like items. Contributing factors are personal loans, automobile accidents, medical expenses, endorsements and guarantees.

The result is the mortgaging of future earnings of the debtor beyond his capacity to repay, so that he is at his wit's end as to how to maintain his family, retain his job and meet the installment payments due to his creditors, all of which far exceed his income.

Added to this unfortunate situation is the fact that the creditors may have procured wage assignments and obtained garnishees against the debtor's salary, not only invading and reducing his weekly income, but endangering his future employment.

Let us assume a client comes into the attorney's office. He is an employee of a local factory. He explains that he is in financial difficulties, unable to pay his debts, and is being threatened with suit. His salary may or is about to be garnisheed. He needs help. The normal procedure then would be to discuss generally, his assets and liabilities. This would include the nature of the debts, whether for goods sold and delivered, contract claims, tort, direct or contingent obligations, and then inquiry should be made as to what assets or property he has or to which he is entitled.

The Bankruptcy Act may be invoked and is available to an employee or non-businessman even if he is not insolvent, but more usually and the percentage is well over 99%, it is only invoked by those who are insolvent and unable to pay their debts.

However, the benefits of the Bankruptcy Act may be utilized by those of very high potential future earnings so that actors, artists, those in the professional sports field and other fields who have run into financial reverses and setbacks may avail themselves of the filing of a voluntary petition to discharge their obligations, and thus avoid any charge upon their future earnings.

In the motion picture-theatrical field, the late John Barrymore, and Mickey Rooney are some who have availed themselves of the benefits of the Bankruptcy Act.

In the field of sports, Primo Carnera, the former world heavyweight boxing champion was obliged to file a voluntary bankruptcy petition in the Southern District of New York.

Durant of General Motors fame is another who had to avail himself of a voluntary petition.

On the other hand, many legal secretaries during the 1930s found themselves burdened with obligations running into millions by reason of their having either executed, endorsed or guaranteed mortgages, all of which went into default. Thus they too had to seek relief by way

*This article is based upon a lecture delivered at the Practising Law Institute, New York, on June 16-17, 1967 by Mr. Schwartz.

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tional Bankruptcy Conference; Chairman of Committee on Bankruptcy, Brooklyn Bar Association; member of Commercial Bankruptcy Committee of the American Bar Association.

1. Tables of Bankruptcy Statistics (for the year ending June 30, 1966) of the Administrative Office of the United States Courts.

2. New York Times, June 19, 1967, Page 52.

of voluntary petitions.

With respect to a voluntary bankruptcy, the amount of the indebtedness is immaterial.³ A voluntary petition may be filed whether the debtor owes \$100.00 or \$100,000,000.

Bankruptcy will grant the debtor relief from wage assignments, garnishees and all of his debts, if he can obtain a discharge. The bankruptcy proceeding is appropriate and available to the debtor if his debts, or the greater portion thereof, can be discharged (§14(c)) and if they do not come within the provisions of §17(a)(2) of the Bankruptcy Act, with respect to debts being excluded from the effect of a discharge and which survive the granting of a discharge.⁴

The grounds of objection to a discharge are set forth at §14(c) of the Bankruptcy Act.⁵

Armed with the knowledge as to the grounds of objection to a bankrupt's discharge and the nature and type of debt excluded from the effect of a discharge, you should now be in a position to proceed to advise the debtor, after ascertaining the requisite information as to the nature and type of his liabilities and his assets.

However, it is important to note that a wage earner is one earning less than \$1,500.⁶ He is not subject to an involuntary petition in bankruptcy.⁷ In other words, he cannot be forced into bankruptcy. The proceeding can only be availed of by himself voluntarily.

The voluntary bankrupt must meet the jurisdictional requirements of the Act, which are that he shall have his residence or domicile in the District where the petition is being filed for the longer portion of the preceding six months than in any other district.⁸ His place of business will not sustain the jurisdictional requirements, as this alternative is applicable only to one in business and not to



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an employee or non-businessman.

Bankruptcy is likewise available to an alien.⁹ Primo Carnera previously referred to, filed a voluntary petition in the Southern District of New York where he resided although he was a citizen of and had his domicile in Italy.

Once a petition is filed the subsequent death of the bankrupt, or his insanity, will not affect the conduct of the proceeding, but they will go forward until fully administered.¹⁰

Having sat down with the client and discussed his financial situation, the basic question that must be answered—is bankruptcy appropriate for the client's case, and will it afford him a source of relief?

The prime purpose of the filing of a petition in bankruptcy is to obtain a discharge so that the debtor may be free of debts. If this cannot be accomplished then bankruptcy will not grant the debtor the relief he is seeking. Hence, the inquiry must be directed as to the nature of the debts, as to whether or not they are dischargeable within the provisions of §17(a). The inquiry should proceed along the following lines:

3. §4(a) of the Bankruptcy Act.

4. §17(a)(2) sets forth the provision with respect to debts excluded from the effect of a discharge and which survive the granting of a discharge. They include, tax liens; liability for obtaining money or property by false pretenses or false representations, or for obtaining money or property on credit or obtaining an extension or renewal of credit in reliance upon a materially false statement in writing respecting his financial condition made or published in any manner whatsoever with intent to deceive, or for wilful and malicious injuries to the person or property of another, or for alimony due and to become due, or for maintenance or support of a wife or child; debts that have not been scheduled in time for proof and allowance, unless the creditor had actual notice or knowledge of the proceeding; debts created by fraud or embezzlement, misappropriation or defalcation while acting as an officer or in any fiduciary capacity; debts for wages earned within three months of the commencement of the proceeding due to an employee and debts for money received as a security deposit from an employee to secure the faithful performance of the duties of the employee.

5. §14(c) provides that "the court shall grant the discharge unless satisfied that the bankrupt has (1) committed an offense punishable by imprisonment as provided under title 18, United States Code, Section 152; or (2) destroyed, mutilated, falsified, concealed, or failed to keep or preserve books of account or records, from which his financial condition and business transactions might be ascertained, unless the court deems such acts or failure to have been justified under all the circumstances of the case; or (3) while engaged in business as a sole proprietor, partnership, or as an executive of a corporation, obtained for such business money or property on credit or as an extension or renewal of credit by making or publishing or causing to be made

or published in any manner whatsoever a materially false statement in writing respecting his financial condition or the financial condition of such partnership or corporation; or (4) at any time subsequent to the first day of the twelve months immediately preceding the filing of the petition in bankruptcy, transferred, removed, destroyed, or concealed or permitted to be removed, destroyed, or concealed, any of his property, with intent to hinder, delay or defraud his creditors; or (5) in a proceeding under this Act commenced within six years prior to the date of the filing of the petition in bankruptcy had been granted a discharge or had a composition or an arrangement by way of composition or a wage earner's plan by way of composition confirmed under this Act; or (6) in the course of a proceeding under this Act refused to obey any lawful order of, or to answer any material question approved by, the court; or (7) has failed to explain satisfactorily any losses of assets or deficiency of assets to meet his liabilities; or (8) has failed to pay the filing fees required to be paid by this Act in full: Provided, that if, upon the hearing of an objection to a discharge, the objector shall show to the satisfaction of the court that there are reasonable grounds for believing that the bankrupt has committed any of the acts which, under this subdivision c, would prevent his discharge in bankruptcy, then the burden of proving that he has not committed any of such acts shall be upon the bankrupt."

6. §1(32) of the Bankruptcy Act.

7. §4 of the Bankruptcy Act.

8. §2(1) of the Bankruptcy Act.

9. §2(1) of the Bankruptcy Act.

10. §8 of the Bankruptcy Act.

Ascertaining the Amount and Nature of All Debts

This will include inquiries as to the amount and nature of the debts and obligations, of every kind and description, whether based on contracts, goods sold and delivered, loans, negligence, auto accidents or other tort claims and any other obligations.

Inquiry should also be directed as to whether there are any liabilities based on guarantees, endorsements, co-maker signatures and contingent obligations.

The purpose of this inquiry is to insure the scheduling of all possible obligations. The inquiry should include probing as to loans from banks, loan companies, financial institutions, as these types of obligations are based upon a loan application embodying a financial statement and many debtors are unaware that they have issued a financial statement, whether acting as the maker applying for a loan, or as a co-maker or endorser, or acting in an accommodation capacity for friends and relatives endeavoring to obtain a loan.

Only recently did a court have the occasion to pass upon a situation where a voluntary bankrupt filed schedules but neglected to schedule as one of his creditors, an endorser of one of his loan obligations. The note, at the time of the filing of the petition was held by the bank. After the filing of the petition the endorser had to pay the bank. The bankrupt failed to list the endorser who had no knowledge of the filing of the petition. After the bankrupt obtained a discharge the endorser brought suit against the bankrupt and the court held that by reason of the failure of the bankrupt to schedule the endorser and by reason of the failure of the bankrupt to prove notice or actual knowledge on the endorser's behalf, bankrupt's liability to the endorser was not extinguished.¹¹

As to negligence and tort claims, inquiry should be directed as to whether suits for negligence (automobile accident claims) have been instituted or pending. A negligence claim in suit is dischargeable,¹² whereas one not yet in suit is not provable, and hence not dischargeable.¹³

Having ascertained that bankruptcy is available to the debtor, the next step in proceeding with the filing of the voluntary petition is to obtain a complete statement of assets and liabilities.

It is important to note at this juncture that the debtor be clearly advised that tax claims as such are not dischargeable, so that any tax obligation owing to the Director of Internal Revenue, the State, or the local municipalities is not and cannot be discharged.¹⁴

However, *debts* owing to a governmental agency, whether the United States, state or municipality, arising from contracts or loans, are dischargeable—such as the Federal Housing Authority, Small Business Administration and the Veteran's Administration.

Tax refund claims may be an asset of the bankrupt depending upon the factual situation as to who paid the income tax, and whether a joint return has been filed. If the debtor paid the tax, the refund will pass to the Trustee.

Impress upon the client the need for thoroughness in furnishing the names, addresses and amounts of every creditor. A bankrupt's discharge is effective only as to the creditors scheduled and those creditors he can prove had actual knowledge of the bankruptcy proceeding within the time to file a proof of claim—six months from the date of the first meeting of creditors—and before the granting of the discharge.¹⁵

Attention is called to the fact that bankruptcy will not grant any relief where the debtor is in default upon any supplementary proceeding examination in a state court proceeding, or where he has been fined for any default or contempt. The bankruptcy court does not have jurisdiction to relieve the bankrupt of his default, contempt or any fine assessed in such proceeding.¹⁶ Hence the urgency of warning the bankrupt, where there are proceedings pending in the state court, to avoid any default until the bankruptcy proceeding has been filed and a stay of state court proceedings procured by an order of the bankruptcy court.

The Voluntary Petition, Schedules and Statement of Affairs

There are official forms which should be obtained from the legal stationer. They come in sets of four. Three sets are for the court and the fourth set is your office copy.

The forms consist of a one page voluntary petition wherein you set forth the name, address and occupation of the debtor, and name and address of his employer. The petition must be signed and sworn to before a notary.

Then follows the schedules as to assets and liabilities. The schedules as to liabilities being designated the "A" schedules and those as to assets as the "B" schedules with separate oaths to be executed as to the "A" and "B" schedules.

Finally, the statement of affairs must be prepared and executed. The statement of affairs contains inquiries as to the debtor's activities. Use Form #2 (for a debtor not engaged in business). This form contains 11 inquiries with numerous subdivisions, each of which must be answered.

The questions are as follows:

1. (a) Name—here you should not only set forth the debtor's name but any alias or other name, or combination of names by which he had been known in the past or under which he incurred any debts.

(b) The residence of the debtor and then all other places of residence within the preceding six years.

2. His occupation, name and address of his employer,

11. *Coller v. Harmon T/A Harmon House* (D.C. Court of Appeals) March 20, 1967, CCH Bankruptcy Reports ¶62162.

12. §63(a) (7) of the Bankruptcy Act.

13. §63(a) (7); §63(d); §57(d) of the Bankruptcy Act.

14. §17(a) was amended, effective October 3, 1966 so as to provide for the dischargeability of taxes that were legally due and owing more than three years preceding the filing of the petition. However, tax liens are not dischargeable, nor are taxes for withholding, nor are taxes due and owing by reason of the failure of the bankrupt to file returns or by reason of the bankrupt's having filed a false or fraudulent

return, or attempted to evade or defeat the Internal Revenue Law.

15. §17(a) of the Bankruptcy Act.

In re *Lyons* (D.C.N.Y.) 287 Fed. 602.

Oliver v. Kroff 143 So (2d) 497.

Application of Kidly, 48 Misc. 2d, 99 262 N.Y.S. 2d 310.

Cohen v. Levenstein, 140 Ga. App. 410, 121 S.E. (2d) 836.

Venson v. Housing Authority (C.A.5) 337 F.2d, 216.

16. Fines and Contempts

Fine- In re: *Thomashefsky* (C.A.2) 51 F. 2d 1040

In re *McRoberts* (D.C.N.Y.) 17 F.S. 82

Contempt- In re *DeGraaf* (D.C.Mich) 22 F. 2d, 163

In re *Metz* (C.A.2) 6 F. 2d 962

or where he carried on his trade.

(a) His connection with any partnership or corporation in the preceding six years. Here, if he had been a member of a partnership or an officer of a corporation, this information should be set forth, to wit, the name and address of all individual businesses, partnerships and/or corporations and his office therein.

(b) The amount of income received from his trade or employment in the preceding two years.

(c) Income received from other sources.

3. Income tax returns—here set forth the data as to the filing of federal and state, and if appropriate, city tax returns, indicating the place where filed and for the period covered, which is within two years of the filing of the petition.

4. Bank accounts and safe deposit boxes—this includes checking and/or savings accounts, whether in the individual debtor's name or in joint name, or in any other name, upon which the debtor has the right to withdraw funds.

(a) Safe deposit boxes—set forth whether in the name of the debtor or a joint name or upon which he has power of attorney, giving the name and address of the depository, within the past two years.

5. Books and records—Here set forth a description of the books, papers and documents, which includes checkbook stubs and cancelled vouchers, kept by the debtor within the past two years and indicate in whose possession they are and whether any records have been destroyed.

6. Property held in trust—this refers to property belonging to a third person or for the benefit of a third person and in which the bankrupt does not have any interest, setting forth the name of said person, his address, a description of the property held, and its value.

7. Prior bankruptcies or other proceedings—here the information sought is whether there have been any bankruptcy proceedings within the past six years and if so, the name of the court, the nature of the proceeding and result of discharge must be set forth; also whether any property of the debtor is in the hands of a receiver or trustee, or whether there has been any assignment for the benefit of creditors within two years preceding the filing of the petition.

8. Suits, executions and attachments—here must be set forth a complete schedule of all suits wherein the debtor is either the plaintiff or the defendant, within one year preceding the filing of the petition, giving the name of the plaintiff, the name of the court, the amount sued for and whether for goods sold and delivered, services rendered, loans, etc., and also the name and address of the attorney for the plaintiff in the suit. Also set forth whether any executions have been levied against the property of the debtor within four months preceding the filing of the petition.

9. Loans repaid—this calls for a statement as to all loans repaid within one year preceding the filing of the petition, giving the names and addresses of the lenders, the amounts repaid and the dates thereof.

10. Transfers of property—this calls for a description of the property transferred, the date, to whom, and the consideration received.

11. Losses—the information requested is with respect to losses from fire, theft or gambling, within the year

preceding the filing of the petition, with dates and amounts and particularly a description of the property lost.

The statement of affairs must be executed by the debtor and sworn to before a notary.

The next step is the preparation of the schedules which accompanies the voluntary petition.

Schedule A-1 calls for the information with respect to priority claims. This includes priority wage claims, tax claims, debts entitled to priority under the laws of the United States, and then claims under state law which are entitled to priority, such as landlord's claims for rent. In setting forth these obligations, the names and addresses of the employee and every taxing agency having a claim, indicating the nature of the tax obligation. Debts having priority under the laws of the United States include obligations to the Federal Housing Authority, the Small Business Administration and the Veteran's Administration.

Schedule A-2 calls for information as to creditors holding secured obligations, and this includes the name and address of the secured creditor whether holding a mortgage on real estate or a security interest under the Uniform Commercial Code, or any other type of secured claims, the nature of their security, its value; and the amount of the secured debt should be set forth with respect to each and every secured creditor.

Schedule A-3 calls for the information with respect to the unsecured obligations. There must be set forth the name, address and amount owing to each and every creditor. This applies to every type of debt, whether for merchandise, services, utilities, loans, whether matured or contingent, whether admitted or disputed; claims based on alimony, judgments, endorsements or guarantees on behalf of former business associates or friends must be set forth. Likewise the names and addresses of the endorser of the debtor's own paper should be set forth as a contingent obligation, in the event the endorser has to pay the holder of the instrument and thus becomes the creditor, prior to the filing of the petition. Every debt should be set forth, even where a friend or relative has advised the debtor that he will not press the obligation and has requested that he be omitted from the schedules. This would be a tragic mistake as the omission of any debt might constitute a false oath and furnish the basis for objecting to a discharge, as well as possibly other proceedings.

The debtor has the right to revive any indebtedness after the filing of the petition so that if he desires to pay or revive any debt due to any friend or relative, or any third person, after the filing of the petition he can do so, but he should under all circumstances set forth and list the obligation in Schedule A-3.

Where obligations are disputed they should be so indicated. If they are subject to setoff that too should be indicated.

Schedule A-4 calls for unsecured obligations upon which the debtor is secondarily liable by reason of the discounting of notes or bills which should be paid by the maker or prior endorser of the instrument. The holders of the instruments should be set forth with their addresses.

Schedule A-5 refers to obligations based upon accommodation paper. The holder of the paper and his address should be set forth and if the debtor is merely the guarantor or endorser, the name and address of the prior party liable should be set forth. This includes accommodation paper whether by way of a note, or bond or mortgage

and whether from a bank or finance company, or through an individual.

This completes the data required as to the liabilities of the debtor.

Proceeding now to the preparation of bankrupt's schedules with respect to the assets:

Schedule B-1 calls for the information with respect to the bankrupt's interest in real estate and here there should be set forth any real estate of the debtor, whether in his own name, in a tenancy by the entirety or in a tenancy in common. In addition to setting forth the real estate, the encumbrances thereon should likewise be indicated. It is good practice to refer to Schedule A-2 with respect to the details of these encumbrances.

In New York, and many of the other states, the bankrupt's interest in a tenancy by the entirety is only a right of survivorship, but it passes to the trustee and may be sold by the trustee, usually for a nominal sum. In many states the bankrupt's interest in a tenancy by the entirety does not pass to the trustee, as under state law it may not be subject to the claims of creditors.

A tenancy in common is a vested actual interest in real estate and passes to the trustee.

The value of the bankrupt's interest in the real estate should be set forth and this can be upon an estimated basis.

Schedule B-2 calls for the information as to any cash, notes, stocks, bonds belonging to or in which the debtor has an interest, inventory, household goods, furniture, books, pictures, animals, automobiles, farm stock and equipment, shipping, machinery, fixtures and equipment, tools, patents, copy-rights, trade-marks and all other personal property, with their estimated value.

Attention is called to the fact that in setting forth household goods, personal property and wearing apparel, the claim for exemption under state law should be asserted. Likewise claims for exemption should be asserted with respect to tools, or any other property which may be exempt under state law. In many states an automobile is exempt.

Schedule B-3 requests information as to accounts and loans receivable, policies of insurance, unliquidated claims of the debtor and deposits.

(a) With respect to insurance, policies of life insurance should be set forth indicating the name of the insurance company, the beneficiary, the estimated cash surrender value and again, the policy should be claimed to be exempt under state law to the extent of the exemption granted.

(b) With respect to deposits, this applies not only to monies on deposit in any checking or savings account but also with landlords, and utility companies. If these deposits are subject to any setoff the same should be indicated.

Schedule B-4 requests information as to any interest in reversions, expectancies and property in trust held for the debtor, including any power or right to dispose of the property. It also calls for information with respect to any prior conveyances for the benefit of creditors, executed by the debtor, as well as a statement as to the fees paid to the attorney for the debtor.

Schedule B-5 relates to property claimed to be exempt whether under laws of the United States or under state law. Attention is called to the fact that all exemptions should be claimed and set forth. Exemptions with respect to household furniture, wearing apparel, as well as insurance, pensions and retirement funds should be set forth and claimed as exempt as the failure to schedule and claim the exemption may result not only in the loss of the property but also the exemption.

Schedule B-6 calls for information with respect to books, deeds and papers and a brief description of the same should be set forth, together with their location, with the indication as to who is in possession of the same.

The schedules of assets and liabilities are concluded by oaths as to Schedules "A" and "B" which should be executed and sworn to before a notary public.

This is followed by a summary of assets and liabilities which is merely a recapitulation of the "A" and "B" Schedules.

In completing the petition, statement of affairs and schedules, attention is called to the fact that they are executed and filed in triplicate, upon payment of the filing fee of \$50.00.

The right to exemptions is one of state law. The Bankruptcy Act recognizes the allowance of exemptions granted to a bankrupt by the laws of the United States and state laws in force at the time of the filing of the petition, in the state where the bankrupt had his domicile.¹⁷

However, no exemption will be allowed out of any property transferred or concealed, in fraud of creditors or out of property recovered, or from transfers set aside by the trustee.¹⁸

The provisions of the Act emphasize the need to schedule exempt property and to claim the exemption. Exemptions may vary from state to state, depending upon state law.¹⁹

The personal property exemption laws likewise provide marked variances in their scope from state to state. While household goods, furniture and wearing apparel are practically uniformly exempt in every state, the exemptions with respect to the value thereof as well as the value of farm equipment, tools and implements of trade, books, library and automobiles vary from state to state.

In New York the exemptions granted to a bankrupt are set forth in §5205 C.P.L.R. There is no limit on the value of wearing apparel, household goods and furniture, which

17. *Matter of Star Spring Bed* (D.C.N.J.) 243 Fed. 957
Turner v. Bovee (C.A. 9) 92 F. 2d 791
Phillips v. C. Palomo & Sons (C.A. 5) 270 F. 2d 791
Matter of Reiter (C.A. 2) 58 F. 2d 631, Cert. Den. 287 U.S. 652, 53 S.Ct. 116
Seiden v. Southland Chenilles' Inc. (C.A. 5) 195 F. 2d 899
In re O'Hara (D.C.Pa.) 162 Fed. 325

18. §6 of the Bankruptcy Act.

19. Homestead Exemptions are granted but limited in value to

\$1,000 in Maine, New York, North Carolina and Ohio. They are unlimited as to value in Florida. There are no homestead exemptions in Connecticut, Delaware, District of Columbia, Indiana, Maryland, New Jersey, Pennsylvania and Rhode Island. Nevada has a \$10,000 homestead exemption. California may even have a higher value homestead exemption.

As to recognition of State Homestead Law by Bankruptcy Court, see:

Elliott v. Ostman, (C.A.9) 340 F. 2d 581

Esten v. Cheek (C.A.9) 254 F. 2d 667

are exempt in New York, but as to personal tools, implements of trade and library the limit of the exemption is \$600.00.²⁰

Workmen's compensation benefits, including injury and sickness are exempt.²¹

Under the laws of the United States pension money, soldiers' pensions, railroad retirement benefits, soldiers' savings, are exempt from levy and do not pass to the trustee.²²

Social Security, Federal Old Age Pensions are likewise exempt by reason of the fact that they are not subject to levy, execution or garnishee by creditors. Hence, they are not affected by any insolvency law or the Bankruptcy Act, and do not pass to the trustee in bankruptcy.²³

Unemployment insurance benefits in New York are exempt and are probably exempt by like statute in the various states of the Union.²⁴

Depending upon state law, life insurance policies, their proceeds and cash surrender value are likewise exempt but this is conditioned on the proceeds being payable to a named beneficiary, particularly the wife and children or relatives of the insured. This also applies to disability benefits and annuities.²⁵ If the policies, however, are payable to the estate of the bankrupt the proceeds, to wit, the cash surrender value at the date of the filing of the petition, passes to the trustee.²⁶

Exempt also are pensions including those of teachers;²⁷ police and firemen;²⁸ the rights to benefits of state employee retirement systems;²⁹ benefits from pensions and retirement systems of private firms,³⁰ as well as benefits to employees in the military and naval service.

Spendthrift trusts,³¹ that is property held in trust for the benefit of the debtor created by a third person is exempt but 10% of the income of such a trust may be reached by the trustee while 90% is exempt.³²

In New York 90% of all personal earnings within 60 days before the filing of the petition, and all earnings after the filing of the petition are exempt.³³

Inheritance and executory devises coming into realization within six months of the filing of the petition will pass to the trustee. Hence, if not originally scheduled the bankrupt will be obliged to file an amended schedule so as to set forth this asset, in order to avoid being charged with concealment of assets. Therefore, it is important to call the debtor's attention to this possibility in weighing the advisability of filing a petition.

Though a matter of state law, it is almost uniform that a debtor's negligence suit for injury to property passes to the trustee, as an asset of the debtor.

Negligence suits for injury to person do not pass unless the same had been reduced to judgment prior to the filing of the petition.

Attention is called to the fact that whether tort actions pass to a trustee is a matter of state law. Normally, the criterion is whether the same could be reached by creditors of a debtor, absent bankruptcy. If so, it passes to the trustee. However, if a judgment had been obtained in the debtor's negligence suit involving injury to person, prior to the filing of the petition, then there is no question that the judgment and the right to proceed and collect thereunder pass to the trustee.³⁴

Briefly, all property that could have been transferred by the debtor, or levied upon and sold under judicial process upon a claim of a creditor, passes to the trustee.³⁵

Having had the petition, schedules and statement of affairs prepared and executed in triplicate the next step is the filing of the same with the Clerk of the court and the payment of the filing fee of \$50.00. In a no-asset case, if the Referee employs a stenographer, there may be an additional expense for the first hearing before the Referee for the cost of the minutes of the hearing.

Upon the filing of the voluntary petition the provisions of the Bankruptcy Act are brought into effect.

As the Act requires the scheduling of every liability and all property belonging to or in which the bankrupt has an interest, if it is ascertained that something has been omitted, either by way of a liability or an asset, steps should be taken to amend the schedules to add the asset, on an ex-parte application made to the Referee.

To amend the schedules by adding creditors—this should be done by way of a motion on notice to the creditors sought to be brought in and the trustee, if there is one, but this may entail a filing fee of \$10.00, in the light of the recommendations of the Administrative Office.

The entry of the order of adjudication follows, as a matter of course.³⁶ On the entry of the order of adjudication the proceeding is referred to a Referee. The Referee will send out notices of a first meeting to be held not less than 10 days nor more than 30 days after the date of adjudication in bankruptcy,³⁷ which is normally the date of the filing of the petition.

If at the time of the filing of the petition the bankrupt was subject to law suits as well as garnishees, the next

20. C.P.L.R. §5205.

21. New York Workmen's Compensation Law §§33,218.

22. 38 U.S.C. (Veterans benefits) §3101
§4747 of U.S. Revised Statute
10 U.S.C. 1440 re: armed forces
42 U.S.C. (Public Health & Welfare, Social Security) 407.
In re *Jones* 166 Fed. 337
McIntosh v. Aubrey 185 U.S. 122
In re *Barry* (D.C.N.Y.) 52 F. Supp. 496, Aff'd (C.A.2) 141 F. 2d 1021.

23. 42 U.S.C. §408.

24. New York Labor Law, §595.

25. New York Insurance Law.

26. §70(a)(5) of the Bankruptcy Act.

27. New York Education Law, §524.

28. New York Village Law, §199-3.

29. New York Retirement Social Security Law, §110.

30. New York Insurance Law, §200(7).

31. C.P.L.R. 5205.

32. §5205 C.P.L.R.

33. §5205 C.P.L.R.

34. §5205 C.P.L.R.

35. §70 of the Bankruptcy Act.
In re *Buda* (C.A.7) 323 F. 2d 748, but see as to California law—In re *Farris*, 217 F.S. 598 (N.D.Cal.) and In re *Carmona* (S.D.Col.)
224 F.S. 497, Aff'd 336 F. 2d 518
Ruebush v. Funk (C.A.4) 63 F. 2d 170
Sibley v. Nason, 196 Mass. 125
In re *Burnstine* (D.C.Mich.) 131 Fed. 828
In re *Fahys, Jr.* (D.C.N.Y.) 68 F.S. 529

36. §22 of the Bankruptcy Act.

37. §55(a) of the Bankruptcy Act.

step is to apply to the Referee for an order to stay the further conduct of any suit or proceeding pending in the state court against the bankrupt, as well as to stay further collections upon any garnishee outstanding, pending the hearing and the granting or denial of a discharge to the bankrupt.³⁸

The contents of the petition for a restraining order should allege, amongst other things, that the debts upon which the suits or garnishees sought to be stayed are scheduled; that the debts are dischargeable and that there has been no default nor fine levied in the state court proceeding.

With respect to the restraining order as to suits pending, the application normally is ex parte. While the same practice is applicable to garnishees in the Southern and Eastern Districts of New York, the better practice, where a garnishee is sought to be restrained, would be for the application to be on notice to the judgment creditor, his attorneys, the marshal or sheriff that has served the garnishee and the employer of the bankrupt.

Upon the granting of the application, copies of the order should be served upon the attorneys for the creditors, whose suits are enjoined, as well as upon the employer and the marshal or sheriff.

The normal procedure with respect to restraining a garnishee would be for the employer to continue to deduct and set aside the amount required under the garnishee order and to accumulate the same pending the granting or denial of a discharge. If the discharge is granted, then an application should be made, on notice to the attorney for the judgment creditors, marshal or sheriff and employer, before the Referee, for the purpose of directing the employer to turn over the accumulated funds to the bankrupt.

The service of a copy of the restraining order entered by the Referee, upon the attorneys for the creditors, has the effect of enjoining any further proceeding in the state court until the question of a discharge is determined before the Referee. The purpose of this is to afford the bankrupt the right to assert the defense of discharge in the state court proceeding, should the creditor seek to continue the further prosecution of the action after the discharge.

The procedure applicable to the stay of suits and

garnishees apply with like force and effect with respect to wage assignments. Where a creditor has proceeded under the wage assignment prior to the filing of the petition, a stay order may be procured but, once again, deductions would have to be made and accumulated by the employer pending determination of the question of a discharge, with the same procedure to be pursued as is applicable to a garnishee.

The bankrupt has the right to apply in the state court where suits are pending against him for a stay, based upon the filing of the petition and the provisions of the Bankruptcy Act.³⁹

With respect to suits instituted after the filing of the petition, the bankruptcy court likewise has jurisdiction to enjoin the same.⁴⁰

It has been held that the court may issue a restraining or enjoining order directed against "all persons" and that such a general ex-parte order entered at the beginning of the bankruptcy proceeding operates In Rem as well as In Personam.⁴¹

It is the duty of the bankrupt to attend the first meeting and submit himself to examination by the court, creditors and/or the trustee.⁴²

The bankrupt may also be examined under §21(a) of the Bankruptcy Act should the trustee or creditors deem it necessary. The scope of the examination is broad, general, unlimited as to time, except in the discretion of the court as to what is necessary in tracing the bankrupt's activities, assets, liabilities and transactions.

Dependent upon the facts developed on the examinations, as well as some independent investigations, the trustee is vested with the right to institute proceedings for the recovery of any transfer of money or property that he believes constitutes a preference, made within four months of the filing of the petition in bankruptcy, in which proceedings the respondent would be the transferee or the transferee and the bankrupt, with a recovery likely if the trustee can establish all the elements of a preference.⁴³

The trustee may also institute proceedings to recover transfers he deems to be made with the intent to hinder, delay and defraud creditors, that were made within one year of the filing of the petition in bankruptcy.⁴⁴

In addition, the trustee has the right to institute pro-

38. §11(a) of the Bankruptcy Act.
Hill v. Harding 107 U.S. 631
In re *Rosenthal* (D.C.N.Y.) 108 Fed. 368
In re *Weisberg* (D.C.Mich.) 253 Fed. 833

39. §11(a) of the Bankruptcy Act.
Collier on Bankruptcy pp. 1138-1162
Orgill Bros v. Coleman, 146 Misc. 217
9 Am. B.R. (N.S.) 481, 111 So. 291
Matter of Innis (C.A.7) 140 F. 2d, 479
Cert. Den. 322 U.S. 736, 64 S.C.R. 1048
In re *Seibert* (D.C.N.J.) 133 Fed. 781.

40. §2(a) (15) of the Bankruptcy Act, which provides as follows:
"Make such orders, issue such process, and enter such judgments, in addition to those specifically provided for, as may be necessary for the enforcement of the provisions of this Act: Provided, however, that an injunction to restrain a court may be issued by the judge only."
It is well to note the differences in the application of §2(a) (15) and §11(a)
Section 11(a) pertains to stays of "in personam" suits that are pending against the bankrupt at the time of the filing of the bankruptcy petition, and are based on claims which would be dischargeable,

Section 2(a) (15), amongst other things, applies to suits instituted after the bankruptcy petition has been filed.
1 *Collier on Bankruptcy*, 14th Ed. pp. 301, 305, 315, 1138-9.
Northeastern Real Estate Securities Corp. v. Goldstein, 276 N.Y. 64.
In re *Hicks* (D.C.N.Y.) 133 Fed. 739.
Hisey v. Lewis-Gale Hospital, 27 F.S. 20 §113 of the Bankruptcy Act.

41. *Converse v. Highway Construction Co.* (C.A.6) 107 F. 2d 127.
Zelevnik v. Grand Riviera Theater Co. (C.A.6) 128 F. 2d 533.

42. §7 of the Bankruptcy Act.

43. §60(a)(b) of the Bankruptcy Act with respect to the definition of a preference and the elements required to establish the same and the various circumstances and causes of action connected to and appropriate to set aside acts constituting a preference.

44. §§67 and 70(c)(e) of the Bankruptcy Act, with respect to the rights and circumstances under which the trustee is granted the right to institute proceedings to set aside transfers in fraud of creditors.

ceedings, to set aside transfers regardless of the time of the transfer, where the charge is that the transfer was made with the intent to conceal the same from creditors, with the intent to hinder, delay and defraud creditors, and that the property was and still is the property of the bankrupt, and that the transferee is merely the alter ego or agent of the bankrupt.⁴⁵

The usual practice of the Referee is to send out a dual notice setting forth the date of the first meeting of creditors, and also the date on or before which specifications of objections to the bankrupt's discharge must be filed. This, in effect, means that specifications of objections to the bankrupt's discharge must be filed prior to the date fixed by the Referee or otherwise the bankrupt will be granted his discharge.

The grounds of the specifications of objections to a discharge are set forth in §14(c) of the Bankruptcy Act. However, it is deemed bad practice, inviting an application to dismiss for insufficiency on their face, to allege specifications in the language of the Statute. The specifications should set forth the particulars and facts in support of the grounds urged in objecting to the granting of a discharge, so as to acquaint the bankrupt with the basis of the objections.

Where specifications are filed, a trial or hearing will follow. The specifications are not determined ex-parte or summarily, but only after a full and complete hearing under the provisions of the Bankruptcy Act.

The decision of the Referee is usually supported by findings of fact and conclusions of law.⁴⁶

The right of a discharge may be forfeited if the bankrupt fails to appear on the hearing of objections to his discharge.

It is important to note that the Bankruptcy Court merely passes on the right to a discharge, not its effect. The status of the debt, whether it is dischargeable or not, whether it comes within §17(a)(2) of the Bankruptcy Act, is a matter for determination by the state court, and the bank-

ruptcy court, except in the most unusual circumstances, will refuse to pass upon the issues and will likewise refuse to enjoin the prosecution of any action in the state court, except for that purpose.⁴⁷

Debts created by fraud, which come within the provisions of §17(a)(2), include and encompass debts created in reliance upon a false financial statement. This means that in a vast majority of instances, debts created by a loan from a bank, financial institution or loan company will be claimed to have been incurred by fraud, and upon which the institution may well bring a suit after the granting of the discharge, on the ground that the obligation was not dischargeable.⁴⁸

It cannot be too strongly emphasized that suits instituted after the granting of the discharge *must be* defended. It is an absolute requisite and in the answer to such a suit the defense of discharge must be asserted in order to test out the dischargeability of the debt sought to be enforced.

It is in these suits, whether in the state court or in a plenary suit in the Federal court, that dischargeability of the debt will be determined. After the granting of a discharge, the prosecution of suits previously stayed may be resumed as the effect of the stay expires on the granting of the discharge.

Once again, it is imperative on the part of the bankrupt to defend such suit and to plead affirmatively as a defense the discharge granted in the bankruptcy proceeding. This is an absolute necessity in order to test and obtain a determination as to the dischargeability of the claim involved in the litigation.

With this explanation of the basic practice and procedure with respect to the handling and filing of a voluntary petition, and whether the debtor can obtain the requisite relief under the provisions of the Bankruptcy Act, the general practitioner should be in a position to proceed to take care of the average and normal involuntary petition in bankruptcy, where there are no complications.

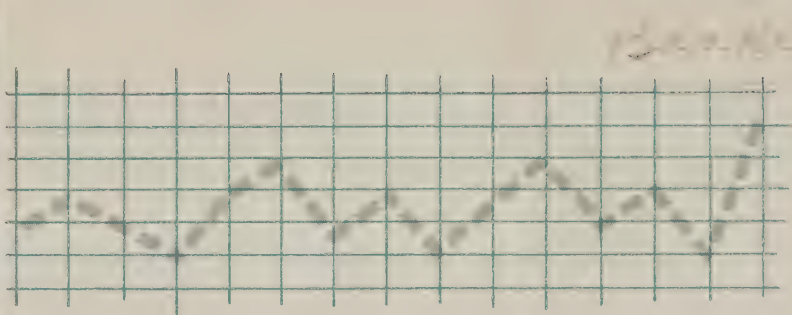
45. §70(c)(e) of the Bankruptcy Act.

46. §14(e) of the Bankruptcy Act.

47. *Ciavarella v. Salituri* (C.A.2) 153 F. 2d 343, 344;
Hilton Credit Corp. v. Jaggli (C.A.9) 366 F. 2d 793;

Fallick v. Kehr (C.A.2) 369 F. 2d 899.

48. For an extended discussion as to the status of debts within §17(a) based upon a false financial statement see: *First National City Bank v. Haymes*, 268 N.Y.S. 2d 820, 49 Misc. 2d 939 (1966) and cases cited therein.



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REPORT ON 1966 NONBUSINESS BANKRUPTCIES BY STATES

Statistics on bankruptcies, recently released, show that for the fiscal year ending June 30, 1966, there was an all-time high of 192,295 bankruptcy cases filed in the 50 states and the District of Columbia. Total bankruptcy cases in 1966 increased by 6.7% over the 180,259 cases filed during the previous fiscal year. Bankruptcy cases excluding nonbusiness voluntary proceedings totaled 16,394 in fiscal 1966, down 2.8% from the 16,863 cases filed in fiscal 1965.

Bankruptcies filed by employees and others not in business, totaled 175,901 in the fiscal year ending June 30, 1966. Compared to the 163,396 who filed in 1965, there was an increase of 7.7%. The following tables have been prepared in the hope that lawyers, economists, businessmen and others who have specialized knowledge of the problems involved may have more detailed data with which to work.

Six states accounted for over half of the bankruptcies commenced in 1966. These states are California, Ohio, Illinois, Alabama, Tennessee and Georgia. which in 1966 reported 52% of the bankruptcies commenced but had only about 26% of the U. S. population. The same states have accounted for about the same proportion of bankruptcies in each of the last several years, and with the exception of Georgia had the leading number of bankruptcies a decade ago. (See Table I.)

Table II is designed to help in the analysis of the bankruptcy problem by pointing out the increase and decrease in nonbusiness bankruptcies by states in the last four years, and the number of bankruptcies per 100,000 population in each of the states in 1966 and in selected earlier years. The number of bankruptcies per 100,000 population in the U. S. in fiscal 1966 was 91 -- up 6 from 85 in 1965. The relative position of most states in the list of bankruptcies per 100,000 population has changed little over the last decade. For example, nine of the twelve states which had the largest number of bankruptcies per 100,000 population in 1966 were also among the top 12 in 1956 and 1961 -- Alabama, Tennessee, Oregon, Colorado, California, Georgia, Ohio, Maine and Washington. Some exceptions are worth noting, however. Illinois which had ranked fifth in 1956 and fourth in 1961 had dropped to sixteenth place in 1966; Virginia which had ranked eleventh in 1956 dropped to sixteenth in 1961 and twenty-third in 1966. Moving in the other direction has been Nevada which moved up from twenty-third place in 1956 to fourteenth in 1961, and in 1966 was surpassed in bankruptcies per 100,000 population only by the states of Alabama and Tennessee. The trend in Arizona has followed a pattern similar to Nevada during the last decade.

Compared to 1965, eight states had a decrease in 1966 bankruptcies relative to population -- in Alabama bankruptcies per 100,000 population decreased by 13, in Georgia by 12, and lesser amounts in Connecticut, Louisiana, Maine, New Mexico, South Carolina and South Dakota. Twenty-two states had a rise in bankruptcies per 100,000 population equal to or greater than the U. S. average of 6 -- Nevada led the list with a rise of 33 followed by Oklahoma with a rise of 23.

Table III shows the number of Chapter XIII (wage-earner plan) cases commenced, by states, for 1956, 1961, 1965 and 1966. The total number of Chapter XIII cases commenced in 1966 was 28,261 or 16% of nonbusiness bankruptcies. Chapter XIII cases as a per cent of nonbusiness bankruptcies varied widely by states in 1966 -- from none in Delaware and New Hampshire to 79% in Alabama. Chapter XIII cases as a percentage of all U. S. nonbusiness bankruptcies dropped from 18% in 1964 to 17% in 1965 to 16% in 1966. This drop reflects a more rapid increase in straight bankruptcies than in Chapter XIII proceedings in the last two years. This is in contrast to the experience in 1963 and 1964 as shown in the following tabulation:

	Number Reported			Per Cent Increase over the previous year	
	Total Nonbusiness Bankruptcies Commenced	Straight Bankruptcy	Chapter XIII	Straight Bankruptcy	Chapter XIII
1962	132,117	109,237	22,880	---	---
1963	139,174	114,845	24,329	5.1%	6.3%
1964	155,182	127,894	27,288	11.4%	12.2%
1965	163,396	135,369	28,027	5.8%	2.7%
1966	175,901	147,640	28,261	9.1%	0.8%

While the bankruptcy law is a federal law, it is subject to differing interpretations in different districts, and it permits different personal exemptions depending on state laws. Moreover, the garnishment laws and their administration in the various states have differing effects on the number of bankruptcies by states. The conclusion that the use of bankruptcy by consumers depends on many factors other than the purely economic considerations of the debtor has been spelled out succinctly by Professor Robert O. Herrmann of the Pennsylvania State University, as follows, "The distinction between financial distress and the choice of bankruptcy appears to be a useful one since the two phenomena, although related, can occur independently of each other. Not all financially distressed families necessarily resort to bankruptcy, nor is financial distress necessarily a prerequisite for filing bankruptcy. Factors related to these two phenomena have, however, been listed together indiscriminately as causes of bankruptcy in popular articles and in some studies."*

*"Families in Bankruptcy--A Survey of Recent Studies," JOURNAL OF MARRIAGE AND THE FAMILY, August, 1966, p. 326.

TABLE I

NONBUSINESS VOLUNTARY BANKRUPTCY PROCEEDINGS
FILED BY STATES, 1956, 1961, 1963 - 1966*

	<u>Number of Proceedings Commenced</u>					
	<u>1956</u>	<u>1961</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>
Alabama	7,515	9,171	9,783	9,799	9,744	9,434
Alaska	11	23	56	57	81	117
Arizona	304	1,656	2,780	3,092	3,103	3,256
Arkansas	157	346	407	433	556	693
California	7,701	24,575	24,641	26,980	30,197	34,255
Colorado	1,125	2,452	2,900	3,344	3,777	3,830
Connecticut	441	768	1,019	1,132	1,133	1,138
Delaware	9	37	46	46	51	58
District of Columbia	81	74	78	78	66	68
Florida	64	269	435	525	589	863
Georgia	1,914	5,920	6,464	7,362	7,815	7,481
Hawaii	49	120	206	239	299	337
Idaho	201	631	682	740	780	836
Illinois	6,093	16,356	14,057	14,900	13,587	13,829
Indiana	538	3,125	4,268	4,984	5,420	5,892
Iowa	156	1,181	1,515	1,657	1,559	1,601
Kansas	801	3,018	2,588	2,770	2,764	3,168
Kentucky	1,038	2,843	2,938	3,521	3,908	4,256
Louisiana	386	1,687	2,031	2,505	2,473	2,368
Maine	557	1,196	1,569	1,760	1,577	1,554
Maryland	43	98	130	183	203	242
Massachusetts	521	816	1,017	1,082	1,120	1,254
Michigan	2,067	5,579	5,544	5,585	6,009	6,628
Minnesota	1,252	2,813	2,421	2,817	2,899	3,251
Mississippi	70	547	518	781	878	1,011
Missouri	891	2,843	3,661	4,449	4,490	5,059
Montana	98	351	499	392	521	549
Nebraska	269	617	824	951	878	984
Nevada	57	273	405	572	816	990
New Hampshire	81	350	433	619	728	756
New Jersey	295	512	711	811	886	1,025
New Mexico	76	376	587	866	962	933
New York	2,160	3,554	4,171	5,033	5,549	6,153
North Carolina	4	27	64	109	157	204
North Dakota	12	71	112	168	190	220
Ohio	4,085	13,284	13,223	14,647	15,838	16,979
Oklahoma	625	1,812	2,000	2,626	2,771	3,327
Oregon	1,637	3,457	3,452	3,671	3,909	4,400
Pennsylvania	94	359	523	624	636	708
Rhode Island	173	228	283	353	361	436
South Carolina	6	74	84	97	165	128
South Dakota	14	62	102	113	159	141
Tennessee	3,133	6,339	7,391	8,507	8,812	9,470
Texas	47	148	256	259	395	426
Utah	330	523	811	1,171	1,191	1,337
Vermont	73	97	199	260	281	325
Virginia	1,623	3,604	3,600	4,129	4,288	4,431
Washington	1,665	3,057	3,266	3,686	3,892	4,280
West Virginia	727	1,042	1,110	1,302	1,391	1,453
Wisconsin	1,283	2,842	2,988	3,028	3,122	3,344
Wyoming	56	194	326	367	420	423
TOTAL	52,608	131,397	139,174	155,182	163,396	175,901

SOURCE: Administrative Office of the United States Courts, Washington, D. C.

*Fiscal years ending June 30. Nonbusiness filings include those listed in the source as "employee" and "others not in business." Puerto Rico, Virgin Islands, and Guam are not included.

TABLE II

Increase or Decrease in Number of Nonbusiness Bankruptcies;
Bankruptcies per 100,000 Population, Selected Years*

	Increase or Decrease In Number of Bankruptcies				Number of Bankruptcies Per 100,000 Population**			
	1963	1964	1965	1966	1956	1961	1965	1966
	over 1962	over 1963	over 1964	over 1965				
Alabama	559	16	-55	-310	246	280	284	271
Alaska	26	1	24	36	5	10	32	44
Arizona	736	312	11	153	31	125	200	207
Arkansas	36	26	123	137	9	19	29	36
California	909	2,339	3,217	4,058	59	155	167	186
Colorado	560	444	433	53	73	139	195	197
Connecticut	163	113	1	5	19	30	41	40
Delaware	-2	0	5	7	2	8	10	12
District of Columbia	-18	0	-12	2	10	10	8	8
Florida	47	90	64	274	2	5	10	15
Georgia	515	898	453	-334	53	150	182	170
Hawaii	36	33	60	38	9	19	42	47
Idaho	48	58	40	56	33	94	113	121
Illinois	352	843	-1,313	242	65	162	129	130
Indiana	632	716	436	472	12	67	112	120
Iowa	63	142	-98	42	6	43	56	58
Kansas	-178	182	-6	404	38	138	124	141
Kentucky	314	583	387	348	36	93	124	134
Louisiana	259	474	-32	-105	13	52	71	67
Maine	50	191	-183	-23	60	123	159	158
Maryland	-39	53	20	39	2	3	6	7
Massachusetts	177	65	38	134	11	16	21	23
Michigan	-545	41	424	619	28	71	74	80
Minnesota	-317	396	82	352	39	82	82	91
Mississippi	98	263	97	133	3	25	38	44
Missouri	447	788	41	569	22	66	100	113
Montana	-5	-107	129	28	15	52	74	78
Nebraska	215	127	-73	106	20	44	60	67
Nevada	47	167	244	174	24	94	195	228
New Hampshire	61	186	109	28	15	57	110	112
New Jersey	-40	100	75	139	5	8	13	15
New Mexico	77	279	96	-29	10	39	95	92
New York	208	862	516	604	14	21	31	34
North Carolina	6	45	48	47	***	1	3	4
North Dakota	-11	56	22	30	2	11	29	34
Ohio	184	1,424	1,191	1,141	45	136	156	166
Oklahoma	233	626	145	556	28	78	113	136
Oregon	-153	219	238	491	99	195	208	227
Pennsylvania	11	101	12	72	1	3	6	6
Rhode Island	43	70	8	75	21	27	41	49
South Carolina	5	13	68	-37	***	3	7	5
South Dakota	23	11	46	-18	2	9	23	21
Tennessee	737	1,116	305	658	92	177	232	246
Texas	21	3	136	31	1	2	4	4
Utah	191	360	20	146	42	58	122	135
Vermont	37	61	21	44	19	25	71	80
Virginia	-18	529	159	143	45	90	98	100
Washington	196	420	206	388	64	107	131	144
West Virginia	-100	192	89	62	39	56	76	80
Wisconsin	94	40	94	222	35	72	76	81
Wyoming	67	41	53	3	18	59	124	128
TOTAL	7,057	16,008	8,214	12,505	32	73	85	91

*See notes to Table I.

**Population as of beginning of respective fiscal year.

***Less than 1 bankruptcy per 100,000 population.

TABLE III

Chapter XIII Proceedings Commenced
Selected Years, 1956-1966*

	Chapter XIII Proceedings Commenced				Chapter XIII Proceedings as a % of All Nonbusiness Bankruptcy Proceedings			
	1956	1961	1965	1966	1956	1961	1965	1966
Alabama	6,523	7,924	7,804	7,438	87	86	80	79
Alaska	--	5	2	7	--	22	2	6
Arizona	1	89	167	177	--	5	5	5
Arkansas	99	233	348	462	63	67	63	67
California	4	1,029	3,692	3,482	--	4	12	10
Colorado	7	15	439	468	1	1	12	12
Connecticut	--	14	9	14	--	2	1	1
Delaware	--	--	2	--	--	--	4	--
District of Columbia	--	--	2	6	--	--	3	9
Florida	4	10	67	33	6	4	11	4
Georgia	530	1,849	2,750	2,691	28	31	35	36
Hawaii	--	--	54	52	--	--	18	15
Idaho	9	95	100	131	4	15	13	16
Illinois	65	595	518	691	1	4	4	5
Indiana	5	63	35	44	1	2	1	1
Iowa	32	250	199	180	21	21	13	11
Kansas	440	1,852	1,245	1,321	55	61	45	42
Kentucky	103	125	860	930	10	4	22	22
Louisiana	1	10	51	96	--	1	2	4
Maine	107	560	799	765	19	47	51	49
Maryland	1	--	3	5	2	--	1	2
Massachusetts	2	--	4	25	--	--	--	2
Michigan	4	30	329	454	--	1	5	7
Minnesota	21	598	549	609	2	21	19	19
Mississippi	1	46	35	42	1	8	4	4
Missouri	289	299	189	192	32	11	4	4
Montana	1	8	10	5	1	2	2	1
Nebraska	--	22	50	71	--	4	6	7
Nevada	--	3	9	23	--	1	1	2
New Hampshire	--	1	1	--	--	--	--	--
New Jersey	--	39	97	122	--	8	11	12
New Mexico	--	7	233	167	--	2	24	18
New York	10	16	38	39	--	--	1	1
North Carolina	--	4	18	58	--	15	11	28
North Dakota	--	1	1	3	--	1	1	1
Ohio	1	187	1,363	1,360	--	1	9	8
Oklahoma	1	25	75	66	--	1	3	2
Oregon	3	17	70	110	--	--	2	3
Pennsylvania	--	12	12	22	--	3	2	3
Rhode Island	--	1	--	4	--	--	--	1
South Carolina	2	4	19	15	33	5	12	12
South Dakota	--	2	6	4	--	3	4	3
Tennessee	1,177	2,929	4,073	4,130	38	46	46	44
Texas	1	10	20	22	2	7	5	5
Utah	--	2	45	59	--	1	4	4
Vermont	--	--	1	3	--	--	--	1
Virginia	40	332	671	704	2	9	16	16
Washington	11	237	489	556	1	8	13	13
West Virginia	21	47	66	47	3	5	5	3
Wisconsin	19	124	406	354	1	4	13	11
Wyoming	--	2	2	2	--	1	--	--
TOTAL	9,535	19,723	28,027	28,261	18	15	17	16

*See notes to Table I.

IF YOU ARE BEHIND THE FINANCIAL EIGHT-BALL
BANKRUPTCY MAY BE THE ANSWER TO YOUR PROBLEMS

Bankruptcy is a right provided by law to people who are deeply in debt and need a fresh start. Bankruptcy will discharge your debts and you will not have to pay them. If the debt was for the purchase of a particular item you may have to return the property to the seller or the one who loaned you the money you used to buy the item. But if the debt was for property or services and you did not agree to return the property you will not have to do so and the debt will still be cancelled. Thus in some cases you may have to choose whether or not you wish to pay the money or keep the item, but the law provides that the choice will be yours.

The law also allows you to keep some property even if you do decide not to pay the debt. This protection extends to your interest in real property, clothes, household appliances and furniture, food, other household goods, jewelry, and certain vehicles. To receive this protection, it is necessary that you list all such items as asked for in the following questions; if not listed they have no possibility of being protected. You must also list everyone to whom you owe money. If you leave one of your creditors out you will have to pay the money to him and you may lose your right to bankruptcy. Bankruptcy will protect you from payment to those you have listed.

If you have any questions about whether or not you can keep the property or whether or not you should list the debt, write that question down and remember to ask the lawyer. Do not sign any papers for any creditors without checking first with the lawyer. If we work together on this we can protect your family from great hardship and give you the new start the law intends for you to have.

IF YOU WISH TO FILE BANKRUPTCY - see UPO neighborhood legal services (628-9165), a private attorney, the Federal bankruptcy referee, U.S. Court House, 4th & Constitution, N.W. or GO TO THE NEIGHBORHOOD DEVELOPMENT CENTER NO. 1 AT 1507 - 9th STREET, N.W. BETWEEN THE HOURS OF 7:30 p.m. and 9:30 p.m. MONDAY THROUGH FRIDAY. The filing fee is \$51.00, payable in instalments. No Down Payment Required.

The attached "Bankruptcy Interview Sheet" is for educational purposes. It will give you a clear understanding of the questions that will be asked of those who wish to file bankruptcy.

For additional information or assistance call - Mimi Abramovitz
- 882-7820 or 265-4435.

BANKRUPTCY INTERVIEW SHEET

A. Introductory Information - Preliminary Statement of Affairs

1. What is your full name (no initials)?

2. Have you been known by any other name or signed your name any other way during the past six years? Yes ____ No ____
If so, please list all names or different ways of signing.

3. List all addresses where you have lived during the past six years indicating the months and years during which you lived there. (List present address first)

<u>Street</u>	<u>City</u>	<u>County</u>	<u>From</u> <u>Month</u> <u>Year</u>	<u>To</u> <u>Month</u> <u>Year</u>	<u>Own</u>	<u>Rent</u>
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4. At what telephone numbers can you be reached?
Day _____ Evening _____

5. What type of work do you do?

6. Are you presently employed? Yes ____ No ____ If yes, give full name and address of employer.

7. How long have you held your present job?

8. When are you paid?

9. Have you been in business by yourself or with others during the last six years? Yes ____ No ____ If yes, give names and addresses of business and names of partners, if any.

10. Are you married? Divorced? Separated?
Divorce Pending?

11. If married, what is your wife's name?

12. Is she employed? Yes ____ No ____ If yes, give full name and address of employer.

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13. How long has she held her present job?

14. List names, relationship, and ages of all dependents, and addresses, if different from yours.

<u>Name</u>	<u>Age</u>	<u>Relationship</u>	<u>Address</u>
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15. List below all income received during the last two years by yourself or your spouse from any source.

16. When and where did you file your last federal, state and district income tax returns?

<u>Date</u>	<u>State</u>	<u>City</u>	<u>Joint with Spouse?</u>
			<u>Yes</u> <u>No</u>

Federal:

State:

District:

If no federal or state or district tax return was filed within the past three years, give year and reason for not filing.

17. What bank accounts have you had during the last two years alone or with others? (Give name and address of the banks, whether checking or savings accounts, and if the account was held jointly with others give their names. Indicate any accounts that are still open.)

18. Have you had a safe deposit box during the last two years? If so, give details, including contents of the box.

19. What records or books have been kept relating to your affairs during the last two years?

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Second.

Third.

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20. Do you have any property that is not yours and you are holding for the benefit and use of someone else (e.g., property held in trust for your children; property you are holding for safekeeping for friends, relatives; etc.)? Yes ____ No ____ If so, please describe.

21. Have you filed a bankruptcy, or a Wage Earners' Plan under Chapter XIII of the Bankruptcy Act, during the last 6 years? Yes ____ No ____ If so, bring papers.

22. Have you ever filed a bankruptcy or Wage Earners' Plan? If so, when?

23. Are you presently a party to a pending lawsuit or have you been a party to a lawsuit of any kind during the last year? Yes ____ No ____ If yes,

<u>Title of Suit</u>	<u>Action Number</u>	<u>Name & Location of Court</u>
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Nature of Suit Result

24. Have you been involved in any auto accidents within the past four years? Yes ____ No ____ If yes, give details.

25. Has any of your property or wage been taken by court order (attached or garnished) in the last four months? Yes ____ No ____ If yes, give details.

<u>Creditor</u>	<u>Date of Levy</u>	<u>Amount</u>
-----------------	---------------------	---------------

<u>Court</u>	<u>Court Number</u>	<u>Paid Over</u>
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<u>File No.</u>	<u>Writ of Execution or Attachment</u>
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26. Have you repaid a loan during the past year between one year ago and today? Yes ____ No ____ If yes, give the following:

<u>TO WHOM PAID</u> <u>(name & address)</u>	<u>AMOUNT</u> <u>PAID</u>	<u>MONTHS IN WHICH</u> <u>PAYMENTS WERE MADE</u> <u>(indicate how much</u> <u>was paid during</u> <u>last 4 months)</u>	<u>WAS PERSON WHO</u> <u>LOANED YOU THE</u> <u>MONEY A RELATIVE?</u>	
			<u>Yes</u>	<u>No</u>

Please bring your payment books with you.

27. Have you sold any of your property, given substantial property or cash away, or had property repossessed within the last year? (Includes repossessions, old car traded in on new, pledges and assignment made to protect nonexempt assets. Be sure creditors are listed on creditor schedule, especially repossessors.) Yes ____ No ____ If yes, give the following:

<u>DESCRIPTION OF PROPERTY</u>	<u>WHAT WAS RECEIVED IN RETURN?</u>	<u>MONTH OR YEAR OF GIFT OR SALE</u>	<u>WAS SALE OR GIFT TO A RELATIVE?</u>
--------------------------------	-------------------------------------	--------------------------------------	--

28. Did you lose a substantial amount of property or money as a result of fire, theft, or gambling during the last year? Yes ____ No ____ If yes, give the following:

<u>DESCRIPTION OF PROPERTY</u>	<u>WHAT CAUSED THE LOSS?</u>	<u>WHAT WAS THE VALUE OF THE MONEY OR PROPERTY THAT WAS LOST?</u>	<u>MONTH OF THE LOSS</u>
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29. Are you likely to inherit any money within the next six months? If so, indicate source and amount.

B. Liability Information

1. Priority Claims - (Preliminary Schedule A-1)

a. If you employed anyone (such as regular employees, cleaning women, gardeners, babysitters) during the last three months, do you still owe them wages? Yes ____ No ____ If yes, give name and address of employee, dates worked, amount owed, and work done.

b. Do you owe any taxes to the United States, e.g., income tax, social security taxes withheld for domestic help, etc.? Yes ____ No ____ If yes, give the department or agency to which the tax is owing, the address of the department or agency, the kind of tax that is owing, and the years for which the tax is owing.

c. Do you owe any taxes to any states, e.g., income, license, sales, etc.? Yes ____ No ____ If yes, give the name of the state and the department or agency therein, the address of the department or agency, the kind of tax that is owing, and the years for which the tax is owing.

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d. Do you owe any taxes to a county, district, or city, e.g., real or personal property? Yes ____ No ____ If yes, give the name of the county, district, or city, the kind of tax that is owing, and the years for which the tax is owing.

e. Besides taxes, do you owe any other money to any branch of the United States government (e.g., F.H.A. repossessions, or money owed Small Business Administration, etc.)? Yes ____ No ____ If yes, give the name of the branch, its address, the amount owing, and why it is owed.

f. Do you owe rent to a landlord for any of the last three months? Yes ____ No ____ If yes, give the name and address of the landlord, and the amount owing.

4. Other Creditors - (Preliminary Schedules A-4 and A-5)

a. Have you recently tried to pay a debt by endorsing to your creditors a check made payable to you? Yes ____ No ____ If yes, give details.

b. Have you ever promised to pay someone else's debt if he did not pay it? Have you ever cosigned for anyone? Yes ____ No ____ If yes, list name of person(s).

c. Have you borrowed any money for someone else's benefit? Yes ____ No ____

C. Asset Information

1. Real Property - (Preliminary Schedule B-1)

a. Do you own an interest in real property (land, buildings, your own home, or burial plot)? Yes ____ No ____

b. Bring in any papers relating to your interest in real property (e.g., relating to mortgages, deeds of trust, homesteads, title, and title insurance).

2. Personal Property - (Preliminary Schedule B-2)

a. Do you have any cash on hand (not in banks or in savings and loan)? Yes ____ No ____ If yes, how much?

b. Do you have any stocks or bonds? Yes ____ No ____ If yes, describe and give value.

c. Do you have any stock in trade (inventory)? Yes ____ No ____ If yes, describe and give value.

d. List your major appliances (e.g., stove, refrigerator, TV, sewing machine, etc.) giving approximate age and value (what you could get for it if you sold it). (Indicate by underlining or circling which appliances are mortgaged or held under conditional sales contract.)

e. Give an estimate of the value (what you could get for it if you sold it) of the following: (Indicate by underlining or circling which are mortgaged or held under a conditional sales contract)

All your furniture:

All your minor appliances:

All your clothing:

All your jewelry:

All your other household goods (e.g., dishes, utensils, food, household tools, tools not used in business, etc.):

f. Have you any books, prints, or pictures of substantial value? Yes ____ No ____ If yes, indicate value.

g. Do you have any automobiles or trucks? Yes ____ No ____ If yes, give the year, make, model, and its value (what you could sell it for).

h. Do you have an interest in or own any machinery, tools, or fixtures used in your business or work? Yes ____ No ____ If yes, describe and give value (what you could sell it for).

i. Do you own anything else of substantial value (e.g., sports equipment, guns, boats, photographic equipment, etc.)? Yes ____ No ____ If yes, describe and give value (what you could sell it for).

3. Other Sources of Money - (Preliminary Schedule B-3)

a. Does anyone owe you any money? Yes ____ No ____ If yes, give his name, his address, what for, and how much.

b. Do you have any insurance policies with a cash surrender value? Yes ____ No ____ Bring the insurance policies with you.

c. Are you suing anyone or do you have any possible reason for suing someone for injuries or money owed to yourself or other members of your family? Yes ____ No ____ If yes, be prepared to give details.

d. Do you have money in a retirement fund where you work? Yes ____ No ____ If so, indicate name of fund and approximate amount.

e. Have you accumulated vacation time due you? Yes ____ No ____ If so, indicate amount and approximate value.

f. Have you ever posted a cash bond? Do you expect your money to be returned? Yes ____ No ____ If so, indicate with whom bond posted and amount.

g. Do you expect to receive an income tax refund? Yes ____ No ____ If so, indicate amount expected.

h. Do you have any money deposited anywhere (e.g., bank deposits, savings and loan deposits, credit union or rental deposit)? Yes ____ No ____ If yes, give the following:

<u>WHO HAS THE</u> <u>DEPOSIT?</u>	<u>THEIR ADDRESS</u>	<u>WHAT WAS</u> <u>DEPOSIT FOR?</u>	<u>WHAT AMOUNT</u> <u>WAS DEPOSITED?</u>
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4. Revisions, Remainders, and Expectancies -
(Preliminary Schedule B-4)

a. Are you the beneficiary of a trust? Do you expect to inherit either money or properties in the future? Yes ____ No ____ If so, give details and value.

b. Do you expect to receive a gift of more than a small amount of money or property (e.g., over \$5.00) at any time in the near future? Yes ____ No ____ If yes, be prepared to give details.

c. Do you expect to receive a tax refund at the end of the year? Yes ____ No ____ If yes, estimate the amount as best you can.

901 West Altgeld
Apr 17/8
(Chgo 60614)

Dear Mr. Hobson:

With Interest,
I read article in Chgo
Tribune RE: A.C.T.,
bankruptcy method
leapfrog by filing a
brief statement with
Federal referee at U.S.
District Court for District
of Columbia, etc.

As a Chicago
Resident, am most
interested in all
facts and leapfrog
aforementioned.

Would you please

forward and sweet
leaflet and
details for filing
for bankruptcy
to undersigned,
and oblige.

Your truly,

A. Ditto

901 West Altgeld

Apr 1-B

Chgd Ill

(60614)

~~901 West Altgeld~~

to your financial problems ! the benefits of the Federal Bankruptcy Law may be the ANSWER

\$ Eliminates almost all your debts --

\$ Filing fee only \$51 -- NO DOWN PAYMENT REQUIRED -- and payable in easy installments!

\$\$\$ Immediately effective upon filing --

\$\$\$ Originally derived from the Bible:

"At the end of every seven years you shall grant a release. And this is the manner of the release: every creditor shall release what he has lent to his neighbor; he shall not exact it of his neighbor, his brother, because the LORD'S release has been proclaimed."

Deuteronomy 15:1-2

\$\$\$\$ Gets creditors off your back --

SHE UPO neighborhood legal services, the Bar Association, a private attorney, or go directly to the Federal bankruptcy referee, U.S. Court House, 4th & Constitution, N.W., D.C.

For free forms and further information, contact:

Bar Association
15th & N.Y. Ave, N.W.
628-4353

ACT 543-6153 or A.D.A.

1346 Connecticut Ave, N.W.
265-4435

Neighborhood Legal Services Project,
Main Office: 416 5th St, N.W.
628-9161

Local Offices:

1411 9th St, N.W.
387-2500

2431 14th St, N.W.
265-1955

3308 14th St, N.W.
462-4383

224 7th St, S.E.
544-4861

1200 U St., S.E.
584-8803

1238 Carrollburg Pl, S.W.
543-5441

1302 N.J. Ave, N.W.
234-2924

1343 H St, N.E.
399-6421

5129 Grant St, N.E.
397-1100

3128 Nicholas Ave, S.E.
561-0100



BY MAX SIPORIN

Bankrupt Debtors and Their Families

■ *In accelerating numbers debtors are turning to personal bankruptcy as a way of coping with their burdens of debt. The author reports on a comparison study of married debtors with children, based on the type of bankruptcy proceeding chosen—straight bankruptcy or Wage-Earner Plan. Focus was on understanding the nature and process of indebtedness. The author states that court petitions may be understood as the culmination of a career process of bankruptcy and urges social work intervention to interrupt this career process before it reaches the point of court action and assist with what is now a major social problem.* ■

THE FEDERAL GOVERNMENT provides a form of direct legal and social services to the poor about which social workers should have greater knowledge. These services merit strong social work support and participation. They are part of a system of relief for financial distress made available to consumer debtors who are unable to cope with their financial problems and who resort to bankruptcy and Wage-Earner Plan (or Chapter XIII proceedings) in the federal district courts. The people served through these bankruptcy court actions are not only poor by legal definition, but also constitute a high-risk population, vulnerable to many social and mental disorders. Troublesome indebtedness is a major—although largely unrecognized—social problem in our society.

The number of consumer debtors in trouble has increased rapidly in this afflu-

ent, credit-based economy. Most individuals and families in the United States are or have been in debt. At the end of 1964 there were \$76.8 billion in outstanding consumer credit.¹ Credit (and this means debt itself) has become a highly salable and costly commodity.² Living on credit as a way of life is a value pressed on us by merchants and lending institutions in many of the mass media. But few people understand or have learned how to live on credit realistically or comfortably. Wage-earners in the lower socioeconomic levels, who can least support this, have higher ratios of indebtedness to income than better-off families.³ Both the poor and the middle class have difficulty coping with their debt and money problems and with the life problems that are associated with money problems, such as marital and family con-

MAX SIPORIN, DSW, is Professor of Social Work, University of Maryland School of Social Work, Baltimore, Maryland. The research reported here was done with the assistance of Charlotte Barron, Kenneth C. Hicks, Mary E. Jordan, Sarita Leibovici, John M. Mills, and Brian Quinn at Tulane University and John Edwards and Lowell Jenkins at the University of Kansas.

¹ S. Lees Booth, *1965 Finance Facts Yearbook* (Washington, D.C.: National Consumer Finance Association, 1965), p. 40. (Federal Reserve System estimate.)

² "Bait the Hook with Merchandise," *Consumer Reports*, Vol. 30, No. 9 (September 1965), pp. 457-461.

³ Louise G. Richards, "Consumer Practices of the Poor," *Welfare in Review*, Vol. 3, No. 11 (November 1965), pp. 1-13.

flicts, mental illness, and personality maldevelopment.⁴ Debtors in accelerating numbers are therefore turning to personal bankruptcy as a way of coping with their burdens of debt. During the fiscal year 1965 there were 163,413 personal (non-business) bankruptcy petitions filed in the U.S. district courts; this is almost double the number filed in 1960.⁵ Most of these individuals are married and have children, thus representing debtor family groups.⁶ The use of personal bankruptcy proceedings is one route traveled by individuals and families along the paths of personal and family dependency and disorganization, leading toward public assistance. In

response to such developments there is a growing recognition among social workers that assistance to consumer debtors and their families, whether rich or poor, through money management counseling, direct financial aid, crisis therapy, and other methods, constitutes a basic social work service.

This paper reports on a direct study of certain debtors known to the bankruptcy courts—those who are married and have children. These debtors were selected for study in the course of a wider effort by this author to understand family problem-solving processes in regard to financial difficulties. The major characteristics of these consumer debtors and their families will be identified, as well as the problem-solving processes through which they moved to resolve their financial difficulties, culminating in bankruptcy proceedings. Several implications of the study findings relate to the development or strengthening of rehabilitative or preventive programs for consumer debtors, especially in social agencies. The study findings are pertinent to social action programs on the part of the social work profession about state and federal legal provisions concerning consumer credit and bankruptcy. It is also suggested here that the federal bankruptcy court proceedings require social work services to improve their effectiveness for consumer debtors and their families.

FEDERAL BANKRUPTCY PROGRAM

The Federal Bankruptcy Act of 1938, known also as the Chandler Act, and its interim amendments provide three forms of relief for personal (nonbusiness) over-indebtedness.⁷ Involuntary straight bankruptcy actions are of minor significance. Voluntary straight bankruptcy actions far outnumber Chapter XIII proceedings:

⁷ Daniel R. Cowans, *Bankruptcy Law and Practice* (St. Paul: West Publishing Co., 1963).

⁴ On the relationship between low income and personal-family problems, see Morton Beiser, "Poverty, Social Disintegration and Personality," *Journal of Social Issues*, Vol. 21, No. 1 (1965), pp. 56-78; Arthur Besner, "Economic Deprivation and Family Patterns," *Welfare in Review*, Vol. 3, No. 9 (September 1965), pp. 20-28; Claude C. Bowman, "Mental Health in the Worker's World," in Arthur B. Shostak and William Gomberg, eds., *Blue Collar World* (Englewood Cliffs, N.J.: Prentice-Hall, 1964), pp. 370-381; William J. Goode, *After Divorce* (Glen-coe, Ill.: Free Press, 1956), pp. 43-68; Earl L. Koos, *Families in Trouble* (New York: King's Crown Press, 1946); Hazel Kyrk, *The Family in the American Economy* (Chicago: University of Chicago Press, 1953); Mollie Orshansky, "Who's Who Among the Poor," *Social Security Bulletin*, Vol. 28, No. 7 (July 1965), pp. 3-31; Alvin L. Schorr, "The Family Cycle and Income Development," *Social Security Bulletin*, Vol. 29, No. 2 (February 1966), pp. 14-25, 47.

⁵ *Annual Report of the Director, Administrative Office of the United States Courts* (Washington, D.C.: Administrative Office of the United States Courts, 1965).

⁶ In what may be a more representative sample of bankrupts, studied in Genesee County, Mich., in 1963, 94 percent of the debtors were married and the mean family size was 4.9 people. Robert Dolphin, *An Analysis of Economic and Personal Factors Leading to Consumer Bankruptcy* (East Lansing: Graduate School of Business Administration, Michigan State University, 1965), p. 48. This means that nationally close to one million people may be represented by the unmarried and married debtors involved in new bankruptcy court actions during this current year alone.

Bankrupt Debtors and Their Families

there were 149,820 of the former as against 28,027 cases of the latter filed during fiscal year 1965.⁸ For each type of action the debtor is required to declare himself or is found to be "insolvent," lacking assets to repay debt contracts he has made. Both the voluntary and involuntary actions involve an adjudication of the debtor as "bankrupt," in which status he is discharged from "dischargeable" debt, with liquidation and surrender of his assets to his creditors. In contrast, the Wage-Earner Plan was established as a "rehabilitative device" for wage-earners who desire to repay their debts and avoid the stigma of bankruptcy. In either kind of action the debtor needs to be able to pay the court and attorney fees involved.

In a Chapter XIII proceeding the debtor files a court petition accompanied by a plan to submit a certain portion of his earnings regularly to the court for payment of his debts, up to a three-year period. This plan has to have the approval of his creditors and of the court referee, whose approval is obtained at a court "meeting" for this purpose. If accepted by the referee, the court assumes control over the debtor's property and assets, although the debtor retains the use of his belongings. Essentially, the debtor becomes a quasi-ward of the federal district court in regard to his assets and his repayment of debt. He cannot take on new debts without the court's consent; he no longer pays further interest on past debts; he is no longer to be harassed or his wages garnished by his creditors. The administration of the repayment plan and of the income portion distributed periodically to creditors is handled by a trustee acting for the court referee.

Efforts are made by the court referee and trustee to help the Wage-Earner Plan member comply with his obligations. When he has difficulty, the debtor may be granted

a grace period or temporary suspension of payment; his plan may be reviewed and modified, with a reduction in payments if indicated. He may be dropped from the plan or helped to convert to straight bankruptcy. During the fiscal year ending June 1965, 60 percent of the Chapter XIII cases were closed in a noncompleted state.⁹ It is estimated that about 25 percent of the voluntary straight bankruptcy petitions consist of debtors who drop out of the Wage-Earner Plan. Although the Administrative Office of the United States Courts strongly favors the use of Chapter XIII proceedings when feasible, only a handful of the district courts are partial to this plan, probably because of the complicated administrative apparatus needed to make the plan work and the generally negative attitudes on the part of the legal profession about the plan. Many creditors prefer Chapter XIII actions because they do obtain a large portion of the money owed to them, whereas they sustain heavy losses in straight bankruptcy actions and therefore need to resume their relations with the bankrupts in various ways.

There has been little recognition that the federal Wage-Earner Plan actually constitutes a federal social service program.¹⁰ It provides individualized assistance to meet social needs and is so understood by a number of the debtors. Thus a wife of one debtor hoped that the plan would help her alcoholic husband assume his family responsibilities and learn the habit of paying his bills, which she, numerous priests, physicians, social workers, and others had all failed to teach him. In addition, a

⁹ *Tables of Bankruptcy Statistics for the Fiscal Year ending June 30, 1965* (Washington, D.C.: Administrative Office of the United States Courts, 1966).

¹⁰ Ida C. Merriam, "The Relations of Social Security and Social Welfare Services," *Social Security Bulletin*, Vol. 25, No. 2 (February 1962), pp. 7-14, describes and discusses the social service programs in the federal governmental structure.

⁸ *Annual Report of the Director, Administrative Office of the United States Courts.*

number of individual services are made available to debtors and their families by the personnel of the court and of the trustee's office. This includes aid in reducing or suspending payments, intervenive protection from harassment by creditors, supervision of the debtor's payment and spending behavior, and referral to community agencies for help with various problems.¹¹

TWO STUDIES

Two separate studies made of two groups of debtors and their families are reported in this paper. In 1962-63 study was made of a sample group of twenty-eight families having a debtor who had been accepted by the federal district court in Kansas City, Kansas, under Chapter XIII proceedings. In 1964-65 a sample group of twenty-three families with debtors who had completed voluntary straight bankruptcy proceedings in the federal district court, New Orleans, Louisiana, was studied.

In both studies focus was on understanding the nature and process of indebtedness on the part of these families for a two-year period prior to the filing of the court petition either for straight bankruptcy or for acceptance into the Wage-Earner Plan. The subjects of the study—intact family groups with children, at the time of the court petition—were selected randomly for this research. Approximately 40 percent of the Wage-Earner Plan (WEP) debtors with whom contact was sought agreed to participate in the study interviews. Forty-eight respondents (twenty couples and eight one-spouse-only cases) were interviewed in the twenty-eight WEP families. Forty-one respondents (eighteen couples and five one-spouse-only cases) were interviewed in the

twenty-three bankrupt families. All of the interviews were carried out in the homes of the debtors by the author and by graduate social work students from the University of Kansas and Tulane University. Some data were also obtained from court records and the attorneys of a number of the debtors.

These two groups of respondents were self-selected and therefore may not be representative samples of their population groups. There was an impression that the bankrupt debtors who refused to participate were more hostile and more ashamed than those who did participate in the study, as well as in comparison with those who did not participate in the WEP study. Another limitation on the findings is that the two types of families may have characteristics consistent with the different sections of the country in which they reside. Also, the Kansas City (Kansas) Federal District Court makes heavy use, while the New Orleans court makes minimal use, of Chapter XIII proceedings. Within these kinds of limitations, data concerning both types of families are given here and pertinent comparisons are made.

CHARACTERISTICS OF DEBTOR FAMILIES

The major characteristics of these families are given in Table 1 for the time period when the studies were made. At the time of the studies the 28 WEP families had a total of 164 household members with 109 children, while the 23 bankrupt families had a total of 127 household members with 79 children. Eighty-six of the WEP family children and 56 of the bankrupt family children were 10 years of age or less. The bankrupt families were older in family age, with older parents and children, than the WEP families. In addition, the bankrupt families owed more money as a result of overextending themselves in the purchase of homes, automobiles, and costly medical care.

¹¹ These services are discussed in greater detail in Max Siporin, "Family Problem-Solving and Wage-Earner Plan Families" (Kansas City: Department of Social Work, University of Kansas, 1963), pp. 73-74. (Duplicated.)

Bankrupt Debtors and Their Families

TABLE 1. CHARACTERISTICS OF DEBTOR FAMILIES

Characteristic	WEP Families	Bankrupt Families
Mean age of father	33.6	39.2
Mean age of mother	30.0	35.6
Mean age of family group	10.0	13.4
Mean number of children per family	3.9	3.4
Race: white	16	16
Negro	12	7
Religion of each parent: Protestant	49	24
Catholic	7	18
Other	0	4
Mean school grade completed: fathers	ninth grade	ninth grade
mothers	tenth grade	tenth grade
Mean family net monthly income (approx.)	\$ 399	\$ 397
Mean official indebtedness of families	\$2,029	\$7,689

Using the Hollingshead Index, each family was categorized in terms of social position, based on the occupation and schooling of the father.¹² None of the families fell in Classes I or II. Almost 93 percent of the WEP families and 82 percent of the bankrupt families were working class. While more than half of the fathers in both groups were unskilled or semi-skilled workers, there were more skilled workers and a number of better-educated parents among the bankrupt families. However, the latter group also had a number of poorly educated parents, so that the mean grade of schooling appears as the same for both groups.

PRIOR FAMILY FUNCTIONING

One of the major aims of the studies was to determine how the families had been functioning prior to the petition for bankruptcy. In the interviews with the respondents, specific focus was on the life of the family during the two-year period before the major crisis that led directly to the court petition. Each family was rated for this period by the interviewers and other

TABLE 2. SOCIAL POSITION OF DEBTOR FAMILIES

Class	WEP Families	Bankrupt Families
III	2	4
IV	15	14
V	11	5
	—	—
Totals	28	23

research judges through the use of the Minneapolis Family-Centered Project "Measure of Family Functioning."¹³ This is a measure of the level of adequacy with which family groups function in fulfilling the needs of the family organization and the individual needs of the family members, as well as in meeting the normative expectations of the community. The levels of family functioning scores are given in Table 3.

These families generally had been func-

¹² August B. Hollingshead, *Index of Social Position* (New Haven: Yale University Press, 1957). See Table 2 above for this categorization of debtor families.

¹³ Ludwig L. Geismar and Beverly Ayres, *Measuring Family Functioning* (St. Paul: Family-Centered Project, 1960). This measure consists of several components: the individual behavior and personal adjustment of family members, the care and training of children, the social activities, the economic, household, and health practices, as well as the use of community resources by the family. The element of "relationship to project worker" was not used in these studies.

TABLE 3. LEVELS OF FAMILY FUNCTIONING AND MONEY MANAGEMENT COMPETENCE PRIOR TO PETITION

Level of Money Management Competence																	
Level of Family Functioning	WEP families								Bankrupt families								
	7	6	5	4	3	2	1	Total	7	6	5	4	3	2	1	Total	
7 Adequate	1	—	—	—	—	—	—	1	3	1	—	1	—	—	—	5	
6 Near-adequate	1	3	2	1	—	—	—	7	1	—	6	3	2	—	—	12	
5 Above-marginal	—	1	3	7	4	—	—	15	—	—	—	1	2	—	—	3	
4 Marginal	—	—	—	—	3	2	—	5	—	—	—	—	—	1	1	2	
3 Submarginal	—	—	—	—	—	—	—	—	—	—	—	—	1	—	—	1	
2 Near-inadequate	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
1 Inadequate	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Total	2	4	5	8	7	2	—	28	4	1	6	5	5	1	1	23	

tioning at good levels of family operation during the two-year period prior to the court petition. None of the WEP families and only three of the bankrupt families were rated as having functioned at less than a marginal level, that is, "in keeping with minimum requirements for the protection of the family . . . not sufficiently harmful to justify community intervention."¹⁴ Almost 28 percent of the WEP families and 69 percent of the bankrupt families had been functioning at nearly adequate or adequate levels. Although all of the families reported many and increasing difficulties and the functioning of the families dropped drastically during the major crises immediately preceding the court petition, they largely continued to meet the family living requirements. The highest area of functioning was in the care and training of children, even though there was a significant degree of parental role dissatisfaction and internal role conflict reported, especially for the men.¹⁵ Major areas of

difficulty were in regard to family and marital relationships, social isolation, individual maladjustment, and—for all the families—economic functioning.

An assessment was also made of the spending attitudes and behavior of these families during the two-year period prior to the petition. A separate measure of family money management competence was devised based on such elements as the degree of agreement about how and why income was to be spent, co-operation in the use of a system of budgeting or planning for money expenditure, mutual knowledge of income and expenses, the existence of problematic indebtedness, and the degree of maximum use of money resources in making purchases.¹⁶ Using this measure, ratings were made on a seven-point scale, from poor through average to good.

From the ratings given in Table 3, it appears that half (fourteen) of the WEP families and 48 percent (eleven) of the bankrupt families had been managing their income in an above-average or good way. The levels of family functioning and of family money management competence

¹⁴ *Ibid.*

¹⁵ For the bankrupt families, twelve of the fathers and nine of the mothers were judged to have been significantly conflicted in their parental roles. Parents were rated individually and together on a measure of parental role satisfaction, based on such elements as gratification and self-esteem from parental role and congruity between role demands and personal needs. An initial version of this measure was explored by Sarita Leibovici at Tulane, and

ratings on this measure of joint parental role satisfaction correlated with family functioning scores at $r_s = .56$, $p < .01$.

¹⁶ This measure of money management competence was formulated in collaboration with John Edwards at the University of Kansas.

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were highly correlated: for the WEP families, $r_s=.682$, $p<.001$; for the bankrupt families, $r_s=.748$, $p<.001$. Also highly related were the saving or spending attitudes and behavior of these families: seventeen of the twenty-eight WEP families and twelve of the twenty-three bankrupt families were rated as having been predominantly saver-type families.¹⁷ There were more spender-type parents in the bankrupt families, eighteen (twelve men, six women), as compared with twelve (eleven men and one woman) in the WEP families.

Families who operated at higher levels of family functioning and money management tended to agree about family goals and how income was to be spent to achieve these goals. There was good communication and agreement on decisions to make purchases, a definite practice of budgeting, with allocation of income and co-operative action in carrying out plans, cost comparison and little use of credit, and little impulsive spending. In contrast, the lowest scoring WEP family consisted of an alcoholic father (an unskilled laborer arrested thirty-two times), an inadequate mother, and six children, in a chronically disorganized household. A large number of families, and this was more true of the bankrupt families, wanted "to get ahead" and extended themselves to have a home of their own, to purchase cars, and so on. In fifteen of the WEP and thirteen of the bankrupt families earned income was reported as having been adequate to meet family needs, although many people said they "just got by." However, few of these people seemed to think of savings or insurance as basic family needs; several testified that it was impossible to save on their low incomes.

¹⁷ A measure of family consumer type, based on saver or spender attitude, behavior, self-concept, and control of spending items, was formulated in collaboration with Lowell Jenkins at the University of Kansas. For the WEP families these scores correlated with family functioning scores, $U=.56$, $p<.025$.

Within their circumstances of mounting indebtedness, large families, lack of savings, marginal or insufficient income, and absence of family or kinfolk helping resources, even the saver-type families were increasingly unable to practice their saving habits or the principles of money management competence in which many of them had real skills.¹⁸ As a result, many of the families became dysfunctional, with weakened problem-solving capacities, and more vulnerable to the crisis situations in which they became entangled.

CAREER OF BANKRUPTCY

For each family the court petition may be understood as the culmination of a career process of bankruptcy, in which the debtors moved or were moved through the turning points of life contingencies and changes into extreme, deviant indebtedness and thus toward bankruptcy as a defined social status. For each family also, the court petition was the end result of a difficult problem-solving process in which each had made strenuous efforts to resolve severe personal and social crisis situations.

A number of couples began and continued their married lives in a varying state of problematic, financial indebtedness. In almost all cases, though, the respondents described a spiraling complex of increasingly severe, chronic, and disabling problems during the preceding two-year period. For nineteen WEP and fifteen bankrupt families there had been severe, costly, and often frequent physical health problems. Seventeen WEP and fourteen bankrupt families suffered job losses, lay-offs, or job changes that resulted in income reduction or loss. A significant degree of marital conflict, including separations and divorce actions, was reported for fourteen WEP and

¹⁸ Sherman Barr, "Budgeting and the Poor," *Public Welfare*, Vol. 23, No. 4 (October 1965), pp. 246-250, gives a graphic description of this kind of process.

at least six bankrupt families. In sixteen WEP and eleven bankrupt families one or more problems of individual maladjustment were related, including alcoholism for nine men and severe mental illness requiring psychiatric hospitalization for one child, one father, and six mothers.

For many of these families, during this prepetition period there was a succession of unexpected and accidental stressful events, so that "something was always going wrong," and each crisis reinforced negative reactions to the previous ones. In addition to the problems just mentioned, there were many unplanned pregnancies, miscarriages, first or additional children. There were many automobile accidents, breakdowns in automobiles and in major electrical appliances, deaths of family members, fires, and the like. A number of friends and relatives defaulted on debts for which these debtors had co-signed notes and for which they thus became responsible.

In one family, a mother of three children accidentally became pregnant and had to give up her job, which meant the loss of income needed to pay for the increased expenses incurred in moving into a newly bought home. She then had a miscarriage, for which she had to be hospitalized. Following this the father, an auto assembly line worker, had an automobile accident for which he was at fault; he was not covered by auto liability insurance. Shortly afterward he was laid off temporarily from his job and his father died, necessitating a long trip to attend the funeral. These troubles all involved major financial expenditures that this family could not afford. As with most of these families, there was a lack of financial resources, such as savings or insurance, and a lack of relatives who could help cope with these contingencies. This kind of long-term reverberating spiral of multiple troubles was reported by seventeen WEP and fifteen bankrupt families. The remaining families largely presented themselves as having become subject to a short period of destructive stresses, such as

a law suit, a defaulted debt, or a death in the family, which could not be handled.

As a result of such stressful events and crises, all of the families were virtually forced into greater financial indebtedness. They became more subject to the exploitative patterns characteristic of merchandising for the poor.¹⁹ By an interesting process of social selection and recruitment, the major problem-solving strategy used by twenty-two of the twenty-eight WEP families and by all of the bankrupt families was to become deeply indebted to personal finance companies. There was also a process of perceptual redefinition of problems, so that the complex of living and relationship problems came to be thought of primarily as "financial" difficulties. Help was sought in terms of obtaining money to meet debt payments, and the definition of the problems as "financial" in time became more accurate. Few families turned to social agencies for help. Four families obtained surplus food from local welfare departments, two applied and were rejected, and one was receiving public welfare financial aid at the time of the interviews.

Some people drifted along in their worsening state of indebtedness, while others took active roles in coping with their difficulties. There were efforts to obtain aid from relatives, consolidate or refinance debts, pull in on expenses, return major appliances, and make family organizational role shifts, such as having other family members go to work or wives take over the money management. The more active, direct problem-solvers were generally those who had low feelings of self-blame about their problems.²⁰ However, whatever the strategies used, these problem-solving efforts were ineffective. There was then an activation or intensification of both

¹⁹ These patterns have been well discussed by David Caplovitz, *The Poor Pay More* (New York: Free Press, 1963).

²⁰ This was formally tested with the bankrupt families; using the Fisher Exact Probability Test, $p < .05$.

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personal crisis states and social, particularly family, crisis situations.

Although some of the families reported that they were drawn closer together in these crises and most reported themselves pulled apart, most of the dysfunctional reactions were expressed inwardly, against spouses, or against self. Many of the wives turned against their husbands because of their inadequacies as providers and therefore as husbands and fathers. "The whole family was upset. . . . We stopped talking to each other. . . . I was angry with him because he didn't act the way a husband should." In reaction, a number of the men went on spending, gambling, or alcoholic binges; some became unfaithful. Several couples separated or threatened to do so. Such conflicts further weakened the family groups. In addition, all of the creditors, especially the finance companies, were exerting severe and harassing pressures for repayment of debts, with threatening letters and phone calls, court suits, garnishment of wages, and the like. Several employers fired or threatened to fire the debtors and several debtors left jobs to escape such pressures. While the debtors and other family members were turning desperately to almost anyone for help, there was also a general process of social withdrawal, rejection, and isolation from extended family, neighbors, and peer groups. The milieu of inter-related social situations was thus characterized by a state of arational, collective behavior on the part of the debtor families, the creditors, and other actors in the highly dramatic episodes of the crises that just preceded the court petition.

Many of the respondents reported varied personal reactions: school failure or maladjustment for children and personality breakdowns for parents and children. "I thought I was going crazy. . . . I didn't know whether I was coming or going. . . . I would blank out." Many recalled their feelings of painful trauma: "It was a nightmare. . . . I was just running around from place to place trying to get bills consoli-

dated and couldn't get anywhere. . . . People were calling us all the time and threatening us. . . . I worried most that we wouldn't have a home or food for the children." Many described reactive emotional states of intense anxiety, rage, resentment, harassment, depression, desperation, exhaustion, and defeat.

It was in such acute crisis situations that bankruptcy appeared to offer a way out. In one case a man reported that when his wife left him and took all of their money out of their joint bank account he could not meet his debt payments and therefore decided to file for bankruptcy. In all of the other cases the precipitating factor for the court petition was some act of pressure from creditors. This, plus encouragement, support, and guidance from spouses, relatives, employers, and others, aided in the process of personal and family group decisions concerning the recourse to the bankruptcy court. The debtors, represented by their attorneys, then filed the court petition, either for the Wage-Earner Plan or for straight bankruptcy.

The use of the bankruptcy or Chapter XIII proceedings resulted in a termination of the acute personal and social crisis situations for most of the families. In only three cases did marital separations lead to divorce and family dismemberment. Although there were many continued problems, the traumatic transactions with creditors were largely relieved and most of the respondents reported marked recovery, with improvement in self-confidence, individual adjustment, and family cohesion and functioning. This seemed greater for the Wage-Earner Plan people, who generally were proud of their ability to repay their debts and avoid bankruptcy, in contrast to the continued negative feelings of guilt and shame expressed within the bankrupt group. The Wage-Earner Plan in particular was said to have saved jobs and marriages. Several respondents testified that they now had "peace of mind." A number related that they had learned a great deal

from their experiences: "It made me grow up and realize my responsibility, not to buy everything I wanted. . . . I learned to say no to salesmen, and not feel bad about it. . . . No more credit." Important lessons in money management and changes in spending attitudes and habits were also reported with the adoption of budgeting procedures and mutual decision-making in the use of income. The structure of regular payments to the Wage-Earner Plan trustee seemed especially helpful. Although a number of the Wage-Earner Plan members would later convert to straight bankruptcy, it was evident that recourse to the court proceedings had been the best and most constructive problem-solving action taken by these families.

CONCLUSIONS

We have thus identified a high-risk population of families whose struggle with their life difficulties crystallizes as financial problems and as severe personal and social crises, resulting in bankruptcy. These people are casualties of our mobile, materialistic, individualistic values in an economy oriented toward credit and overconsumption. It is important to note that the route into bankruptcy sometimes leads into public welfare assistance. Both are stigmatized, deviant social statuses in our society, associated with a high incidence of personal and family disorganization.

These are individuals and families about whom little is known and about whom epidemiological research is indicated. If our sample groups are fairly representative, these consumer debtors are mostly working poor with large families, living on inadequate or marginal incomes, who tend to become indebted financially in severe ways. Contrary to stereotyped attitudes, such families generally functioned at adequate or above-marginal levels of family group operation and money management competence, prior to the major crisis situations

that directly led to the court petitions. These characteristics, by the way, also distinguish families who resort to public welfare assistance for the first time.²¹ It is evident that the major social stress faced by these groups consists in their being families. As Lord Beveridge once remarked: "A family still remains the greatest single cause of poverty."²² Although almost none of the respondents objected to the growing number of children, there appeared to be much parental role conflict and difficulty, along with marital conflict related to the "role meaning" of parenthood perceived in negative, anxious, self-depleting terms, especially for many of the men.²³ Only one of the families studied resorted to birth control measures as a conscious problem-solving strategy.

Further study is needed of the reciprocal interrelationships between parenthood and such variables as parental role satisfaction, adequacy as a breadwinner and money manager, job status, sufficient income, family crises, and the availability of social helping resources in terms of extended family and community caretaking agencies. It would also be helpful to understand further how adequate family functioning on the part of rich or poor is related to effective family problem-solving in regard to financial problems.²⁴

²¹ For a group of thirty AFDC families studied, the mean of the family functioning scores for the two-year preapplication period was estimated to have been at the above-marginal level. Max Siporin, "Family Problem-Solving and A.D.C. Families" (Kansas City: Department of Social Work, University of Kansas, 1963), p. 18. (Duplicated.)

²² Quoted by Cyril S. Smith, *People in Need* (London: George Allen & Unwin, 1957), p. 142.

²³ On the concept of "role-meaning," see Goode, *op. cit.*, pp. 60-64.

²⁴ An important study of family development as related to family consumer behavior is reported by Reuben Hill, "Decision-Making and the Family Life Cycle," in Ethel Shanas and Gordon F. Streib, eds., *Social Structure and the Family* (Englewood Cliffs, N.J.: Prentice-Hall, 1965), pp. 113-139. See also Hill, "Judgment and Consumership in the Manage-

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Preventive programs concerning bankruptcy that have evolved through the years need further development and strengthening, both for married and unmarried debtors. The findings here point to the realization that effective personal and family group functioning require a bedrock of adequate income. One student of needy families has warned: "We must not underestimate the importance of a lack of money as the common precipitant of trouble."²⁵ These studies reinforce our present convictions about the need for social insurance protection against life contingencies, such as family allowances and a guaranteed minimum income. Because so many of these respondents attributed their difficulties in part to their ignorance about money and credit management, it also appears important to support the expansion of educational programs that teach such skills. This means a wide development of family life education and other types of instruction, for children and adults, within our public school systems and in public welfare and other social agencies. Another preventive strategy is to examine the roles of the credit system and lending institutions, such as personal finance companies, in the development and aggravation of economic dependency on the part of their clients. Granted that finance companies give much-needed and constructive help to people in financial need and that credit is a necessary element in our economy, but further controls are indicated on such practices as the forced use of credit, usurious interest rates, garnishment of wages, and the use of extreme harassment to achieve payment of debts. The development of credit unions or public lending facilities are alternatives to be encouraged.

ment of Family Resources," *Sociology and Social Research*, Vol. 47, No. 4 (July 1963), pp. 446-460. A helpful review and discussion of research in this field is given by George Katona, *The Mass Consumption Society* (New York: McGraw-Hill Book Co., 1964).

²⁵ Smith, *op. cit.*, p. 142.

An understanding of families in crisis shows that they need and can best use aid during the period of acute upset.²⁶ It therefore seems helpful to establish case-finding procedures whereby individuals and family groups who become problematic debtors can be located and guided to social agency and mental health resources for help with their financial and life problems. Social agencies need to strengthen and extend co-operative working relationships with creditor institutions such as department stores, finance companies, banks, and the rapidly growing number of consumer credit counseling services being established in many communities. Such relationships would make available needed aid to debtor individuals and families while they are best able to use their resources constructively to cope with current stresses. Assistance with financial, budget, and money management problems for clients in all socioeconomic groups should again be viewed as a basic social work service, taught as such in schools of social work and provided by social workers in every kind of practice setting.²⁷

As both an important preventive and rehabilitative program, the federal Wage-Earner Plan merits the full support of the social work profession. Social workers need to involve themselves in helping the federal district courts to develop Chapter XIII proceedings, to encourage attorneys and creditors to regard and use this program in a more positive way, to interpret the program to debtor clients, and to refer people early for this method of relief from overwhelming financial stress. When straight bankruptcy is indicated, individuals and families should be helped to view

²⁶ Howard J. Parad and Gerald Caplan, "A Framework for Studying Families in Crisis," *Social Work*, Vol. 5, No. 3 (July 1960), pp. 3-15.

²⁷ Hopefully this would mean a recognition that many personality difficulties are reactive to inadequate income and money management inadequacies rather than the reverse.

this assistance as a legal right, without lasting personal stigma, and as a matter that actually is concerned with the changes in the status of their property and assets, rather than with their personalities or community membership. Social work efforts are also required in helping to formalize the social services needed within the federal bankruptcy court structure through the establishment of social work counseling programs, including intake services. This can be regarded as similar to the structure of probation services, which are well established and well regarded in the federal court system. A formal, professional social service program would have several important benefits: It would aid debtors to make more effective use of Chapter XIII and bankruptcy proceedings, reduce the dropout rate from the Wage-Earner Plan, and place important helping resources at a crucial pressure-point and way-station in the career of these debtors, from which point they can be returned more easily to better levels of individual and social functioning.

B. Seebohm Rowntree, the great English investigator of the urban poor, made a distinction between two types of poverty.²⁸ He held that in *primary poverty* family income was "insufficient to obtain the minimum necessities for the maintenance of merely physical efficiency." In *secondary poverty* family income might be sufficient, "were it not that some portion . . . is absorbed by other expenditure, either useful or wasteful." Today, both of these types of poverty are represented by the consumer debtors who move through the career processes of bankruptcy into the federal bankruptcy courts. A major suggestion of this paper is that social workers' concern and assistance with the problems of consumer debtors and their families should constitute an important strategy in the current War on Poverty.

²⁸ B. Seebohm Rowntree, *Poverty* (2d ed.; London, Eng.: Thomas Nelson & Sons, 1908), p. xix.

scope, complexity and significance of problem

enormity of context: large number of federal employees
enormity of problem: large number of Black/Br/Indian/women employees
increasing number of complaints
statistics show widespread discrimination
complexity of problem: complex, varying and multi-stage govt rules and
procedures not only require specialized background
and training but also discourage original com-
plaints and weaken cases
significance: large effect cases may have on govt employment nationally
large effect govt policy change may have on general
employment nationally

Lack of attempt to Solve these problems

No organization exists--within or outside the govt--whose function
is to assist govt employees

The govt itself proves to be a poor watchdog or source of redress
Even government EEO agencies/divisions are accused of eeo grievances
Lack of clear and effective govt regulations (eeo)
Slowness of govt procedures
Lack of trained, paid eeo staff to assist/process complaints
No appeal level beyond the Department
Incestuous relation of govt departments, CSC, GAO

Unions, where they exist (sparsely) in the govt have not concerned
themselves with eeo problems

Implications:

Remedial eeo process so "low profile" and non-operative that employ-
ees either don't know or have no hope of any redress through the
complaint system ("anti-complaint" system)
Cases drag on endlessly
Lack of action further compounds the problem
People leave and therefore the cases are dropped
Lengthy case handling encourages harrassment
Poor grade of help received regarding cases weakens cases

PURPOSE

Research and representation. To provide critically needed research and
representation to govt employees who allege eeo discrimination against them.

To train volunteer and assigned representatives to represent govt employees.

To prepare training manuals and other materials to assist in protection

vt employees

Ad Hoc Advisory Committee

Government Employees for Peace and Justice
Federally Employed Women
National Organization of Women
_____(Black Organization)
Center for Responsible Law (Nader)
Institute for Policy Studies

Staff

Director
Research Statistician
Training and Representation Coordinator
Secretary
Statistical Clerk

\$15,500
10,000
10,000
8,000
7,500

Volunteer Staff

Legal Interns
Trained "Representatives" from Government

\$5,500
2,500

National Office: Washington, D.C.

STAFFING

Although there are no organizations defending the rights of govt employees who've been discriminated against, there is one person, Julius Hobson, who has, on a personal basis, assisted many govt employees. Since he constitutes the only person with qualifications, records, contacts and experience in this area, he would serve as Director of this organization.

With a minimum of staff, the proposed organization could produce extensive and far-reaching results, because of the help provided by two categories of volunteer staff: legal interns who assist Mr. Hobson with his cases; and the

govt-employeed representatives to whom the govt must allow proper
time to represent employees alleging discrimination.

BUDGET

Large travel item - in order to represent people across the country
to train people across the country (regionally)

Irwin-Sweeney-Miller Foundation: Columbus, Indiana
Director, Jim Josephs (Black)

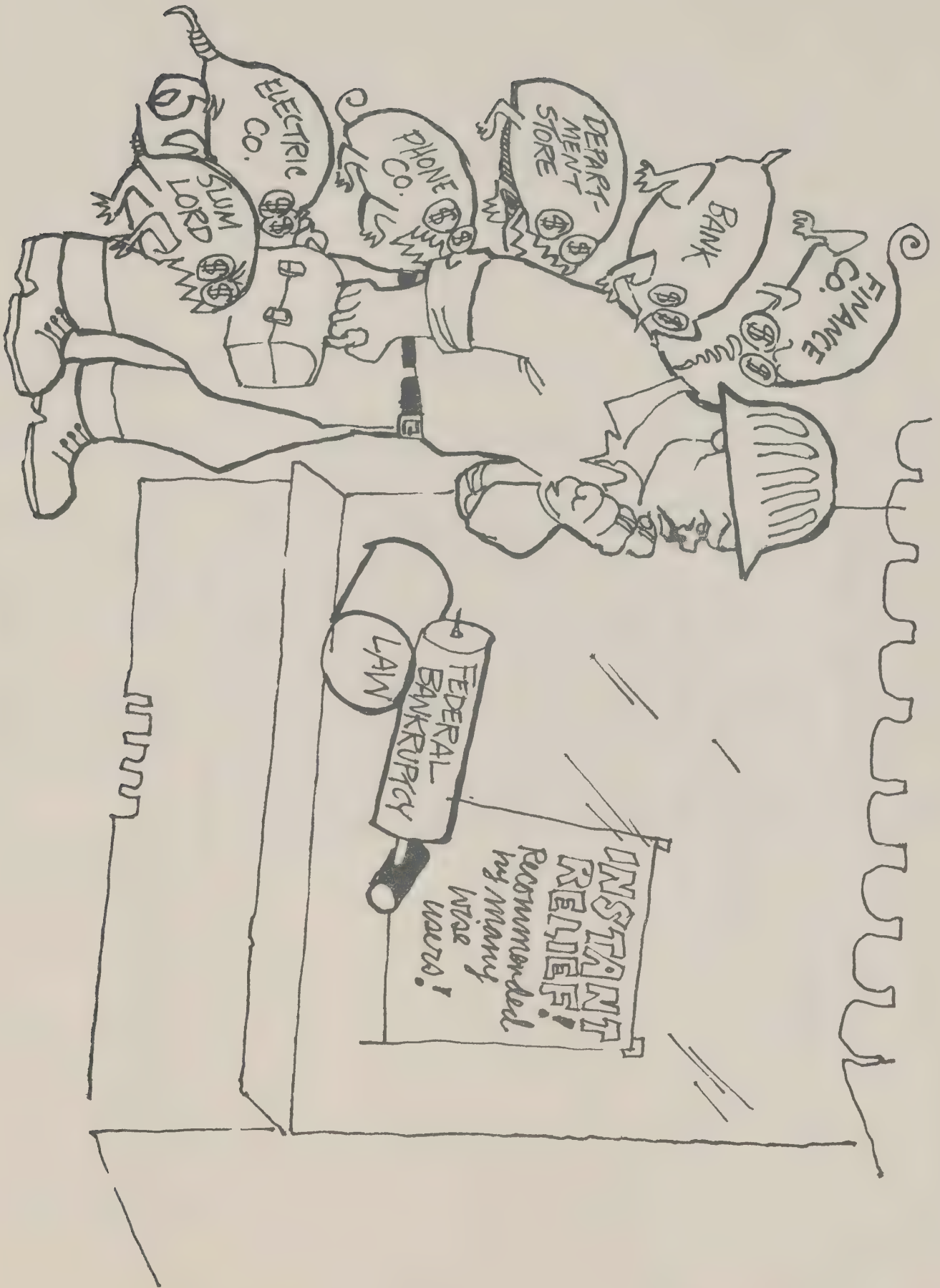
Possible Steps

Stan and Laurel Druben

Check with Nader's groups about requesting anti-govt funding

Advisory Ctee--to attain legitimacy/credibility/backing
to assist in the funding process

one representative from each group on the Ad.Hoc Adv. Ctee



A T T E N T I O N ! !

The benefits of the Federal Bankruptcy Law may be the Answer to your financial problems !

* Eliminates almost all your debts --

** Filing fee only \$51, plus payable in instalments, and

NO DOWN PAYMENT REQUIRED !

*** Immediately effective upon filing --

**** Originally derived from the Bible:

"At the end of every seven years you shall grant a release. And this is the manner of the release: every creditor shall release what he has lent to his neighbor; he shall not exact it of his neighbor, his brother, because the LORD's release has been proclaimed."

Deuteronomy 15:1-2

***** Gets creditors off your back --

SEE UPO neighborhood legal services (628-9165), a private attorney, or go directly to the Federal bankruptcy referee, U.S. Court House, 4th & Constitution, N.W., D.C.

For free forms, call:

ACT 543-6153

The Washington Daily News, Friday, July 21, 1967

'YOU DON'T HAVE ANY CREDIT ANYWAY'

Hobson Plans a March to Bankruptcy Court Here

By TOM HARNLEY

Only 96 persons filed for bankruptcy last year in the District, Julius Hobson said last night, but that he intends to see that a lot more persons use the law in the year to come.

Having won his battle against D.C. School Board policies in a Federal Court decision last month, the Civil Rights leader is pressing a new campaign to "get creditors off the backs of poor people."

Last night he urged any of the membership of Local 1 of the American Federation of State, County, and Municipalities (AFSCM), who had debts, to be among the first to join a drive that he said "could shake the economy."

He hammered at the "unscrupulous Seventh-st merchants," who "sell overstuffed furniture that doesn't last until you get it home and wrist watches that fall apart, and put poor people hopelessly in debt."

"But if you take bankruptcy — just fill out a form, you're thru with those debts — they're wiped out. I know it may seem

unbelievable to you but I've got some of the best lawyers in the city who will tell you that it is true."

Mr. Hobson said that so far he has convinced about 30 persons that he was right and that sometime around Aug. 1 he is going to lead them down to the Court on a bankruptcy march.

It wasn't clear at the finish of his speech how many of the approximately 35 persons attending the meeting were converts for the march—but at least one woman, Mrs. Irma B. Taylor of

3524 Stanton Road se, said that what Mr. Hobson said had made sense to her and that she was going to file.

Mr. Hobson in his speech mentioned an article in The Washington Daily News which had suggested that by filing for bankruptcy a man could ruin his chances of ever getting credit again.

"If you're deeply in debt you don't have any credit anyway," Mr. Hobson argued. "And besides we're going to try to see to it that people do get credit."

Don Green, president of the Greater Washington Chapter of the Americans for Democratic Action (ADA) joined Mr. Hobson in advocating bankruptcy.

"You're going to hear two charges leveled against bankruptcy — that it is immoral — which it isn't — it goes right back to the Old Testament — and that it's Un-American — if it's Un-American then both Andrew Carnegie and Harry Truman were Un-American — because they were both bankrupts."

STATEMENT OF AFFAIRS

In the United States District Court
for the District of Columbia

In the Matter of

In Bankruptcy

No.

Bankrupt [or Debtor]

(FOR BANKRUPT OR DEBTOR NOT ENGAGED IN BUSINESS.)

(NOTE.—Each question should be answered or the failure to answer explained. If the answer is "none," this should be stated. If additional space is needed for the answer to any question, a separate sheet, properly identified and made a part hereof, should be used and attached.)

The term, "original petition," as used in the following questions, shall mean the petition filed under Section 3b or 4a of Chapter III, Section 322 of Chapter XI, Section 422 of Chapter XII, or Section 622 of Chapter XIII.)

1. Name and residence.

- a. What is your full name?
- b. Where do you now reside?
- c. Where else have you resided during the six years immediately preceding the filing of the original petition herein?

2. Occupation and income.

- a. What is your occupation?
- b. Where are you now employed?
(Give the name and address of your employer, or the address at which you carry on your trade or profession, and the length of time you have been so employed.)
- c. Have you been in partnership with anyone, or engaged in any business, during the six years immediately preceding the filing of the original petition herein?
(If so, give particulars, including names, dates and places.)
- d. What amount of income have you received from your trade or profession during each of the two years immediately preceding the filing of the original petition herein?
- e. What amount of income have you received from other sources during each of these two years?
(Give particulars, including each source, and the amount received therefrom.)

3. Income tax returns.

- a. Where did you file your last federal and state income tax returns, and for what years?

4. Bank accounts and safe deposit boxes.

- a. What bank accounts have you maintained, alone or together with any other person, and in your own or any other name, within the two years immediately preceding the filing of the original petition herein?

(Give the name and address of each bank, the name in which the deposit was maintained, and the name of every person authorized to make withdrawals from such account.)

- b. What safe deposit box or boxes or other depository or depositories have you kept or used for your securities, cash or other valuables, within the two years immediately preceding the filing of the original petition herein?

(Give the name and address of the bank or other depository, the name in which each box or other depository was kept, the name of every person who had the right of access thereto, a brief description of the contents thereof, and, if surrendered, when surrendered, or, if transferred, when transferred and the name and address of the transferee.)

5. Books and Records.

- a. Have you kept books of account or records relating to your affairs within the two years immediately preceding the filing of the original petition herein?

- b. In whose possession are these books or records?

(Give names and addresses.)

- c. Have you destroyed any books of account or records relating to your affairs within the two years immediately preceding the filing of the original petition herein?

(If so, give particulars, including date of destruction and reason therefor.)

6. Property held in trust.

- a. What property do you hold in trust for any other person?

(Give name and address of each person, and a description of the property and the amount or value thereof.)

7. Prior bankruptcy or other proceedings; assignments for benefit of creditors.

- a. What proceedings under the Bankruptcy Act have been brought by or against you during the six years immediately preceding the filing of the original petition herein?

(Give the location of the bankruptcy court, the nature of the proceeding, and whether a discharge was granted or refused, or a composition, arrangement or plan was or was not confirmed.)

- b. Was any of your property, at the time of the filing of the original petition herein, in the hands of a receiver or trustee?

(If so, give the name and location of the court, the nature of the proceeding, a brief description of the property, and the name of the receiver or trustee.)

- c. Have you made any assignment of your property for the benefit of your creditors, or any general settlement with your creditors, within the two years immediately preceding the filing of the original petition herein?

(If so, give dates, the name of the assignee, and a brief statement of the terms of assignment or settlement.)

8. Suits, executions and attachments.

- a. Have you been party plaintiff or defendant in any suit within the year immediately preceding the filing of the original petition herein?

(If so, give the name and location of the court, the title and nature of the proceeding, and the result.)

- b. Has any execution or attachment been levied against your property within the four months immediately preceding the filing of the original petition herein?

(If so, give particulars, including property seized and at whose suit.)

9. Loans repaid.

- a. What repayments of loans have you made during the year immediately preceding the filing of the original petition herein?

(Give the name and address of the lender, the amount of the loan and when received, the amount and date when repaid, and, if the lender is a relative, the relationship.)

10. Transfer of property.

- a. What property have you transferred or otherwise disposed of during the year immediately preceding the filing of the original petition herein?

(Give a description of the property, the date of the transfer or disposition, to whom transferred or how disposed of, and, if the transferee is a relative, the relationship, the consideration, if any, received therefor, and the disposition of such consideration.)

11. Losses.

- a. Have you suffered any losses from fire, theft or gambling during the year immediately preceding the filing of the original petition herein?

(If so, give particulars, including dates, and the amounts of money or value and general description of property lost.)

Bankrupt [or Debtor].

DISTRICT OF COLUMBIA, ss.

I, _____, the person who subscribed to the foregoing statement of affairs, do hereby make solemn oath that the answers therein contained are true and complete to the best of my knowledge, information, and belief.

Bankrupt [or Debtor].

Subscribed and sworn to before me this _____ day of _____, 19____

[Official Character.]

Form 2 (cont'd)

10. Transfer of property.

a. What property have you transferred or otherwise disposed of during the year immediately preceding the filing of the original petition? (Give description of the property, the date of the transfer or disposition, to whom transferred or how disposed of, and, if the transferee is a relative, the relationship, the consideration, if any, received therefor, and the disposition of such consideration.)

11. Losses.

a. Have you suffered any losses from fire, theft or gambling during the year immediately preceding the filing of the original petition herein? (If so, give particulars, including dates and the amounts of money or value and general description of property lost.)

Bankrupt /or Debtor/.

State of _____ :
County of _____ : ss.
:
:

I, _____, the person who subscribed to the foregoing statement of affairs, do hereby make solemn oath that the answers therein contained are true and complete to the best of my knowledge, information, and belief.

Bankrupt /or Debtor/

Subscribed and sworn to before me this _____ day of _____ 19____.

/Official character./

Form 5

Summary of debts and assets
/From the statements of the debtor in Schedules A and B./

Schedule A....	1-a	Wages.....
Schedule A....	1-b(1)	Taxes due United States.....
Schedule A....	1-b(2)	Taxes due States.....
Schedule A....	1-b(3)	Taxes due counties, districts and municipalities.....
Schedule A....	1-c(1)	Debts due any person, including the United States, having priority by laws of the United States.....
Schedule A....	1-c(2)	Rent having priority.....
Schedule A....	2	Secured claims.....
Schedule A....	3	Unsecured claims.....
Schedule A....	4	Notes and bills which ought to be paid by other parties thereto.....
Schedule A....	5	Accommodation paper.....

Schedule A, total.....

Schedule B....	1	Real estate.....
Schedule B....	2-a	Cash on hand.....
Schedule B....	2-b	Negotiable and non- negotiable instruments and securities.....
Schedule B....	2-c	Stock in trade.....
Schedule B....	2-d	Household goods.....
Schedule B....	2-e	Books, prints, and pictures.....
Schedule B....	2-f	Horses, cows, and other animals.....
Schedule B....	2-g	Automobiles and other vehicles.....
Schedule B....	2-h	Farming stock and implements.....
Schedule B....	2-i	Shipping and shares in vessels.....
Schedule B....	2-j	Machinery, fixtures, and tools.....
Schedule B....	2-k	Patents, copyrights, and trademarks.....
Schedule B....	2-l	Other personal property.....
Schedule B....	3-a	Debts due on open accounts.....
Schedule B....	3-b	Policies of insurance.....
Schedule B....	3-c	Unliquidated claims.....
Schedule B....	3-d	Deposits of money in banks and elsewhere.....
Schedule B....	4	Property in reversion, re- mainder, expectancy or trust.....
Schedule B....	5	Property claimed as exempt.....
Schedule B....	6	Books, deeds and papers.....

Schedule B, total.....

BANKRUPTCY INTERVIEW SHEET

A. Introductory Information - Preliminary Statement of Affairs

- What is your full name (no initials)? John Jones
- Rabbit Jones - Bob Jones - Skippy Jones (1941)
- Have you been known by any other name or signed your name any other way during the past six years? Yes No If so, please list all names or different ways of signing. John Jones
- List all addresses where you have lived during the past six years indicating the months and years during which you lived there. (List present address first)

<u>Street</u>	<u>City</u>	<u>County</u>	From	To	<u>Own</u>	<u>Rent</u>
			<u>Year</u>	<u>Month</u>		
2500 - LA Ave S Dent			Nov. 1965	←	✓	
1610 1430 + P.			Nov. 1968	→	✓	
3148 Adams Mill Road			1967			

- At what telephone numbers can you be reached?
Day 597-2890 Evening 332-4861
- Barber Shop -

- What type of work do you do?
- Day Work on Construction -

- Are you presently employed? Yes ☒ No ☐ If yes, give full name and address of employer.
- AAA Plumber Pagers 105 + A -
- Honolulu Pacer Co -

- How long have you held your present job?
- Salary for 1 year
- part time

- When are you paid?
- Tuesday -

- Have you been in business by yourself or with others during the last six years? Yes ☐ No ☐ If yes, give names and addresses of business and names of partners, if any.
- g -
- 1963 + 64 -
- 1960 - 1961 -
- put up bags -

10. Are you married? ☒ Divorced?
Separated? Divorce Pending?

11. If married, what is your wife's name?

no Sarah

Jones

12. Is she employed? Yes ☒ No ☐ If yes, give full name and address of employer.

13. How long has she held her present job?

NO

14. List names, relationship, and ages of all dependents, and addresses, if different from yours.

Name Age Relationship Address

John + 7
Wm + 15
Maria + 19
- Ruby, 11 - Mother - Memphis -
and living at Charles + Franklin

15. List below all income received during the last two years by yourself or your spouse from any source.

16. When and where did you file your last federal, state and district income tax returns?

Date State City Joint with Spouse?
Yes No

Federal: *March 1966*

State:

- March 1967 -

District:

If no federal or state or district tax return was filed within the past three years, give year and reason for not filing.

17. What bank accounts have you had during the last two years alone or with others? (Give name and address of the banks, whether checking or savings accounts, and if the account was held jointly with others give their names. Indicate any accounts that are still open.)

18. Have you had a safe deposit box during the last two years? If so, give details, including contents of the box.

19. What records or books have been kept relating to your affairs during the last two years?

20. Do you have any property that is not yours and you are holding for the benefit and use of someone else (e.g., property held in trust for your children; property you are holding for safekeeping for friends, relatives; ets.)? Yes ☐ No ☐ If so, please describe.

21. Have you filed a bankruptcy, or a Wage Earners' Plan under Chapter XIII of the Bankruptcy Act, during the last 6 years? Yes ☐ No ☐ If so, bring papers.

22. Have you ever filed a bankruptcy or Wage Earners' Plan? If so, when?

23. Are you presently a party to a pending lawsuit or have you been a party to a lawsuit of any kind during the last year? Yes ☐ No ☐ If yes,

<u>Title of Suit</u>	<u>Action Number</u>	<u>Name & Location of Court</u>
----------------------	----------------------	-------------------------------------

Nature of Suit Result

24. Have you been involved in any auto accidents within the past four years? Yes ☐ No ☐ If yes, give details.

25. Has any of your property or wage been taken by court order (attached or garnished) in the last four months? Yes ☐ No ☐ If yes, give details.

<u>Creditor</u>	<u>Date of Levy</u>	<u>Amount</u>
<u>Court</u>	<u>Court Number</u>	<u>Paid Over</u>

<u>File No.</u>	<u>Writ of Execution or Attachment</u>
-----------------	--

26. Have you repaid a loan during the past year between one year ago and today)? Yes ☐ No ☐ If yes, give the following:

		MONTHS IN WHICH PAYMENTS WERE MADE (indicate how much was paid during last 4 months)	WAS PERSON WHO LOANED YOU THE MONEY A RELATIVE? <u>Yes</u> <u>No</u>	
TO WHOM PAID (name & address)	AMOUNT PAID			

Please bring your payment books with you.

27. Have you sold any of your property, given substantial property or cash away, or had property repossessed within the last year? (Includes repossessions, old car traded in on new, pledges and assignment made to protect nonexempt assets. Be sure creditors are listed on creditor schedule, especially repossessors.) Yes ___ No ___ If yes, give the following:

	WHAT WAS RECEIVED IN RETURN?	MONTH OR YEAR WAS SALE OR OF GIFT OR SALE	WAS SALE OR GIFT TO A RELATIVE?
<u>DESCRIPTION OF PROPERTY</u>	<u>IN RETURN?</u>	<u>GIFT OR SALE</u>	<u>RELATIVE?</u>

28. Did you lose a substantial amount of property or money as a result of fire, theft, or gambling during the last year? Yes ___ No ___ If yes, give the following:

	WHAT CAUSED THE LOSS?	WHAT WAS THE VALUE OF THE MONEY OR PROPERTY THAT WAS LOST?	MONTH OF THE LOSS
<u>DESCRIPTION OF PROPERTY</u>	<u>THE LOSS?</u>	<u>THAT WAS LOST?</u>	<u>THE LOSS</u>

29. Are you likely to inherit any money within the next six months? If so, indicate source and amount.

B. Liability Information

1. Priority Claims - (Preliminary Schedule A-1)

a. If you employed anyone (such as regular employees, cleaning women, gardeners, babysitters) during

the last three months, do you still owe them wages? Yes ___
No ___ If yes, give name and address of employee, dates
worked, amount owed, and work done.

b. Do you owe any taxes to the United States,
e.g., income tax, social security taxes withheld for domestic
help, etc.? Yes ___ No ___ If yes, give the department or
agency to which the tax is owing, the address of the depart-
ment or agency, the kind of tax that is owing, and the years
for which the tax is owing.

c. Do you owe any taxes to any states, e.g.,
income, license, sales, etc.? Yes ___ No ___ If yes, give
the name of the state and the department or agency therein,
the address of the department or agency, the kind of tax
that is owing, and the years for which the tax is owing.

d. Do you owe any taxes to a county, district,
or city, e.g., real or personal property? Yes ___ No ___
If yes, give the name of the county, district, or city, the
kind of tax that is owing, and the years for which the tax
is owing.

e. Besides taxes, do you owe any other money to
any branch of the United States government (e.g., F.H.A.
repossessions, or money owed Small Business Administration,
etc.)? Yes ___ No ___ If yes, give the name of the branch,
its address, the amount owing, and why it is owed.

f. Do you owe rent to a landlord for any of the
last three months? Yes ___ No ___ If yes, give the name and
address of the landlord, and the amount owing.

4. Other Creditors - (Preliminary Schedules A-4 and A-5)

a. Have you recently tried to pay a debt by
endorsing to your creditors a check made payable to you?
Yes ___ No ___ If yes, give details.

b. Have you ever promised to pay someone else's
debt if he did not pay it? Have you ever cosigned for anyone?
Yes ___ No ___ If yes, list name of person(s).

c. Have you borrowed any money for someone else's
benefit? Yes ___ No ___

C. Asset Information

1. Real Property - (Preliminary Schedule B-1)

a. Do you own an interest in real property (land, buildings, your own home, or burial plot)? Yes ___ No ___

b. Bring in any papers relating to your interest in real property (e.g., relating to mortgages, deeds of trust, homesteads, title, and title insurance).

2. Personal Property - (Preliminary Schedule B-2)

a. Do you have any cash on hand (not in banks or in savings and loan)? Yes ___ No ___ If yes, how much?

b. Do you have any stocks or bonds? Yes ___ No ___ If yes, describe and give value.

c. Do you have any stock in trade (inventory)? Yes ___ No ___ If yes, describe and give value.

d. List your major appliances (e.g., stove, refrigerator, TV, sewing machine, etc.) giving approximate age and value (what you could get for it if you sold it). (Indicate by underlining or circling which appliances are mortgaged or held under conditional sales contract.)

e. Give an estimate of the value (what you could get for it if you sold it) of the following: (Indicate by underlining or circling which are mortgaged or held under a conditional sales contract)

All your furniture:

All your minor appliances:

All your clothing:

All your jewelry:

All your other household goods (e.g., dishes, utensils, food, household tools, tools not used in business, etc.):

f. Have you any books, prints, or pictures of substantial value? Yes ___ No ___ If yes, indicate value.

g. Do you have any automobiles or trucks? Yes ___ No ___ If yes, give the year, make, model, and its value (what you could sell it for).

h. Do you have an interest in or own any machinery, tools, or fixtures used in your business or work? Yes ☐ No ☐ If yes, describe and give value (what you could sell it for).

i. Do you own anything else of substantial value (e.g., sports equipment, guns, boats, photographic equipment, etc.)? Yes ☐ No ☐ If yes, describe and give value (what you could sell it for).

3. Other Sources of Money - (Preliminary Schedule B-3)

a. Does anyone owe you any money? Yes ☐ No ☐ If yes, give his name, his address, what for, and how much.

b. Do you have any insurance policies with a cash surrender value? Yes ☐ No ☐ Bring the insurance policies, except health insurance policies with you.

c. Are you suing anyone or do you have any possible reason for suing someone for injuries or money owed to yourself or other members of your family? Yes ☐ No ☐ If yes, be prepared to give details.

d. Do you have money in a retirement fund where you work? Yes ☐ No ☐ If so, indicate name of fund and approximate amount.

e. Have you accumulated vacation time due you? Yes ☐ No ☐ If so, indicate amount and approximate value.

f. Have you ever posted a cash bond? Do you expect your money to be returned? Yes ☐ No ☐ If so, indicate with whom bond posted and amount.

g. Do you expect to receive an income tax refund? Yes ☐ No ☐ If so, indicate amount expected.

h. Do you have any money deposited anywhere (e.g., bank deposits, savings and loan deposits, credit union or rental deposit)? Yes ☐ No ☐ If yes, give the following:

WHO HAS THE
DEPOSIT?

THEIR ADDRESS

WHAT WAS
DEPOSIT FOR?

WHAT AMOUNT
WAS DEPOSITED?

4. Revisions, Remainders, and Expectancies -
(Preliminary Schedule B-4)

a. Are you the beneficiary of a trust? Do you expect to inherit either money or properties in the future? Yes ☐ No ☐ If so, give details and value.

b. Do you expect to receive a gift of more than a small amount of money or property (e.g., over \$5.00) at any time in the near future? Yes ☐ No ☐ If yes, be prepared to give details.

c. Do you expect to receive a tax refund at the end of the year? Yes ☐ No ☐ If yes, estimate the amount as best you can.

1507 - 9th St. NW
NDC 1

- c. Are you suing anyone or do you have any possible reason for suing someone for injuries or money owed to yourself or other members of your family? YES or NO.

If YES, be prepared to give details.

- d. Do you have any money deposited anywhere (e.g., bank deposits, saving and loan deposits, credit union or rental deposit)? YES or NO

If YES, give the following:

<u>WHO HAS THE</u> <u>DEPOSIT</u>	<u>THEIR ADDRESS</u>	<u>WHAT WAS</u> <u>DEPOSIT FOR</u>	<u>WHAT AMOUNT</u> <u>WAS DEPOSITED</u>
--------------------------------------	----------------------	---------------------------------------	--

- B-4a. Are you the beneficiary of trust or future interest?
YES or NO. If YES, be prepared to give details.

- b. Do you expect to receive more than a small amount of money or property at any time in the near future by way of gift? YES OR NO. If YES, be prepared to give details.
- c. Do you expect to receive a tax refund at the end of the year? YES or NO. If YES, estimate as best you can the amount

with your lawyer when you bring the papers to him. If you own your home, list the address and the legal description (the description that appears on your deed).

If you do not have room on the form to complete the information asked for, attach additional sheets where necessary.

Make a note of any questions you do not understand or cannot fully answer so that you can discuss them with your lawyer.

Take your time. Any debt you do not list will not be discharged. Inaccurate or incomplete answers may result in a complete loss of your right to a discharge in bankruptcy.

2. [§9.2.13] Sample List: Items To Bring to Attorney

1. A list of all your creditors with names and addresses in full.
2. Any contracts signed by you.
3. All legal papers regarding any lawsuits either brought by you or against you.
4. All letters from:
 - a. Lawyers
 - b. Collection agencies
 - c. Finance companies
 - d. Other creditors.

Form 5

Summary of debts and assets

/From the statements of the debtor in Schedules A and B./

Schedule A....	1-a	Wages.....
Schedule A....	1-b(1)	Taxes due United States.....
Schedule A....	1-b(2)	Taxes due States.....
Schedule A....	1-b(3)	Taxes due counties, districts and municipalities.....
Schedule A....	1-c(1)	Debts due any person, including the United States, having priority by laws of the United States.....
Schedule A....	1-c(2)	Rent having priority.....
Schedule A....	2	Secured claims.....
Schedule A....	3	Unsecured claims.....
Schedule A....	4	Notes and bills which ought to be paid by other parties thereto.....
Schedule A....	5	Accommodation paper.....

Schedule A, total.....

Schedule B....	1	Real estate.....
Schedule B....	2-a	Cash on hand.....
Schedule B....	2-b	Negotiable and non- negotiable instruments and securities.....
Schedule B....	2-c	Stock in trade.....
Schedule B....	2-d	Household goods.....
Schedule B....	2-e	Books, prints, and pictures.....
Schedule B....	2-f	Horses, cows, and other animals.....
Schedule B....	2-g	Automobiles and other vehicles.....
Schedule B....	2-h	Farming stock and implements.....
Schedule B....	2-i	Shipping and shares in vessels.....
Schedule B....	2-j	Machinery, fixtures, and tools.....
Schedule B....	2-k	Patents, copyrights, and trademarks.....
Schedule B....	2-l	Other personal property.....
Schedule B....	3-a	Debts due on open accounts.....
Schedule B....	3-b	Policies of insurance.....
Schedule B....	3-c	Unliquidated claims.....
Schedule B....	3-d	Deposits of money in banks and elsewhere.....
Schedule B....	4	Property in reversion, re- mainder, expectancy or trust.....
Schedule B....	5	Property claimed as exempt.....
Schedule B....	6	Books, deeds and papers.....

Schedule B, total.....

Gloria Landridge

7 East 14 St

N.Y.C.

WA9-1458

11.1

B. [§9.2.10] ATTORNEY'S CHECKLIST FOR BANKRUPTCY INTERVIEW

The attorney must be sure that he has all information the client can provide without reference to records by the end of the first interview. He must also completely explain the nature of the bankruptcy remedy and the need for accurate information. It is important to analyze facts given in the interview and, when appropriate, to question the client further to discover forgotten or deliberately withheld information.

When interviewing the client, counsel should cover the following points:

1. general nature of bankruptcy relief (see §9.1.6);
2. nondischargeability of certain debts --
 - a. alimony, child support, attorney's fees ordered in divorce action (see Bankruptcy Act §17a(2), 11 USC §35(a)(2)),
 - b. taxes except taxes more than 3 years old when no fraud involved (Bankruptcy Act §17a(1), 11 USC §35(a)(1))
 - c. debts created by willful and malicious injuries (see Bankruptcy Act §17a(2), 11 USC §35(a)(2); Cowans §§453-459; Collier Bankruptcy Manual ¶17.03 (1966), hereafter referred to as Collier ¶ .
 - d. Credit obtained by false financial statements or fraud (see Bankruptcy Act §17a(2), 11 USC §35(a)(2); Cowans §§441-452).

Note: Inform the client that a finance company can sue in state court long after his discharge and claim that he has given a false financial statement or otherwise used fraud to obtain credit prior to discharge (see §§9.4.48-9.4.56). If he is served with any papers, the client should report it to his attorney immediately.

e. conversion (see First Nat'l Bank v Podjin (1965) 61 Ill App 2d 310, 210 NE 2d 332; §§9.4.57-9.4.60)

f. debts the client forgets to list on his schedules (see Bankruptcy Act §17a(3), 11 USC §35(a)(3); Cowans §§463-471)

g. debts listed, but with improper or inadequate addresses, so that creditor receives no notice (Bankruptcy Act §17a(3), 11 USC §35(a)(3))

3. possible loss of discharge (with all listed obligations permanently nondischargeable) for-

a. fraudulent transfers (emphasize that transfers to be nonfraudulent must be for present consideration) (see Bankruptcy Act §14c(4), 11 USC §32(c)(4); §§9.1.12, 9.1.19)

b. prior discharge within six years (see Bankruptcy Act §14c(5), 11 USC §32(c)(5); §9.1.19)

c. failure to obey orders of court in present bankruptcy (Bankruptcy Act §14c(6), 11 USC §32(c)(6))

d. refusal to answer a material question approved by the court (Bankruptcy Act §14c(6), 11 USC §32(c)(6))

e. failure to pay filing fee at time of first interview, or within time set by court (see Bankruptcy Act §14c(8), 11 USC §32(c)(8))

4. the importance of keeping the attorney advised of any change of address, since the client may lose his discharge by failing to appear at the first meeting of creditors or other hearing called by the court (Bankruptcy Act §7a(1), 11 USC §24(a)(1))

5. assets not covered by exemption statutes, (which should be pawned, assigned, or otherwise pledged for present value, with proceeds deposited in exempt savings and loan associations or credit unions or used to pay off secured exempt items) (see §§9.3.14-9.3.20) are:

a. bank accounts, which should be closed, reduced to a nominal sum, or transferred to an exempt savings and loan (see CCP §690.21)

b. auto worth more than \$350 (client should increase loan to approximate value) (see CCP §690.24)

c. power tools*

d. guns* (one rifle and one shotgun exempt) (CCP §690.2)

e. musical instruments*

- f. stamp or coin collections
- g. hi-fi and records*
- h. second television set (CCP §690.2)
- i. cameras*
- j. sporting equipment*
- k. income tax refunds
- l. other

*Unless tools of client's trade

6. friends or relatives who may have cosigned on notes for client are not discharged by client's bankruptcy (see Bankruptcy Act §16, 11 USC §34; §9.1-23)

7. under conditional sales contract a secured creditor can generally repossess property that is not paid for despite the discharge (but see Glessner v Massey-Ferguson, Inc. (9th Cir 1965) 353 F2d 986, when security interest not perfected before 4 months prior to filing)

8. possible pressure from creditors to have client reaffirm his obligations after discharge (Warn the client to say and to sign nothing. Tell him to refer all calls from creditors to his lawyer.) (see Cowans §893.)

9. discharge does not automatically take care of any pending or future actions on listed debts (Impress upon client that he must come to you immediately if he is served with any papers.) (see Bankruptcy Act §11a, 11 USC §29(a); Cowans §§923-

929, Collier ¶¶11.00-11.04; §§9.4.54-9.4.66)

10. the Bankruptcy Act provides criminal sanctions for

a. concealing assets (see Bankruptcy Act §14c(1),

11 USC §32(c)(1); 18 USC §152)

b. making a false oath or account at any point in the bankruptcy proceedings (applies to all oaths and to all schedules, both asset and liability.) (see Bankruptcy Act §14c(1),

11 USC §32(c)(1); 18 USC §152)

11. "easy" new credit should be avoided

C. [§9.2.11] INSTRUCTING CLIENT ON USE OF INTERVIEW SHEET

The interview sheet is intended to correlate with the Statement of Affairs and the Schedules which must be prepared if a determination to seek bankruptcy is made. The questions are divided into the categories of the official forms (i.e., Statement of Affairs, Schedule A-1, etc.) and are titled

Preliminary Statement of Affairs, Preliminary Schedule A-1, etc. They are given first in their entirety to facilitate reproduction and then in annotated form as a guide to their use. The questions are phrased differently from those on the Statement of Affairs and the Schedules since it is always advisable to ask the client a question in more than one way. However, the information obtained is that required on the official forms, e.g., residence addresses for past six years, income for past two years, etc.

This form is not a substitute

for an interview when the schedules are filled in and the client signs them. At that time, the initial interview information should be checked against the schedules so that any discrepancies can be explained and taken care of.

Discovering the facts in a bankruptcy case is often difficult. Because of the serious consequences of misstatement or nonstatement of facts, attention to detail on the part of the attorney and insistence on accuracy from the client are indispensable to proper counseling.

The sheet may be used by the attorney interviewing the client or may be given to the client to fill out either at the office or at home. If possible, it is advisable for the attorney himself to interview the client, since the client working alone is much less likely to recall all of the necessary facts. It may be advisable to complete as much of the interview sheet as possible at the initial meeting and then to give a duplicate copy of the sheet to the client, asking him to return the completed sheet to the attorney within a set period of time.

However, the preliminary list of creditors should always be prepared by the client so that if he claims in court that he gave the information to the attorney and that the attorney neglected to transcribe it properly, the attorney will have proof in the client's own handwriting

11.7
of the information the client provided. If the interview sheet is handed to the client, it is wise to include the following instruction sheet. In all cases the client should be furnished with the "Items To Bring to Your Lawyer" list.

1. [§9.2.12] Sample: Instructions to Client

All the information asked for on this questionnaire is important. Answer every question carefully and completely. If the answer to a question is "No" or "None," write that in. Leave no question blank.

When you list your creditors, list all of them, even those whom you intend to pay. List their names and addresses in full. If a collection agency or lawyer has taken over a debt that you owed to someone else, list the name of your original creditor, the collection agency (including any office of that agency with which you have done business), the lawyer, the finance company, and anyone else who has communicated with you about the debt. If you cosigned or guaranteed anyone else's note, you must list that debt too. If you do not know the exact amount that you owe, list the approximate amount and do not estimate too low.

When you list any property you own, list its value at what you would be able to sell it for in its used condition, not what you paid for it new. If you are not sure of the value, list an approximate figure and discuss the matter

December 10, 1964

Mississippi & Alabama Relief Committee
803 Florida Avenue N.W.
Washington, D.C.

To Whom It May Concern:

My name is Mr. William Hutson, owner of the Tiki Island
Cocktail Lounge, 3743 South Western Avenue, Los Angeles,
California.

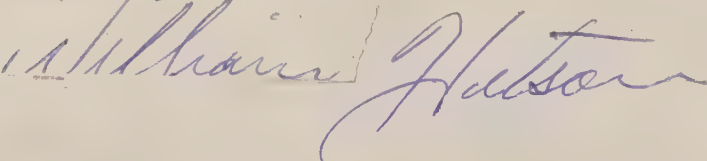
P.E. Miles, a representative of your Committee, held two
promotion dinners for the Mississippi & Alabama Relief
Committee in my establishment and paid for same with checks
written on your bank account. The checks were returned.
Enclosed you will find a photostatic copy of the checks.

Mr. Miles is no longer in Los Angeles and cannot be located.
I would like to be reimbursed for my money, and would like
a reply from you before taking legal action.

Yours truly,

William Hutson

WH/kk

A handwritten signature in blue ink that reads "William Hutson". The signature is written in a cursive style with a large, sweeping "W" and "H".

Returned by

Industrial Bank of Washington

Corner 11th and You Sts., N. W.
Washington, D. C.

☒ Account attached
☐ Account closed
☐ Altered
☐ Date
☐ Drawer deceased
☐ Drawer in hands of Receivers
☐ Drawn against uncollected items

Endorsement

☐ Bank stamp
☐ Endorse exactly as drawn
☐ Guarantee of endorsement
☐ Illegible
☐ Ink endorsement required
☐ Missing
☐ Signature to receipt
☐ Personal endorsement of each
Payee (These endorsements must appear
to have been written by same hand)
☐ Witness to mark
☐ Filing
☐ Improperly drawn
☐ Listed at \$ should be \$
☐ No such account
☐ No advice
☐ No domestic advice
☐ No foreign advice
☐ Not properly receipted
☐ Exceeds drawer's balance
☐ Passbook must accompany check
☐ Payment stopped
☐ Savings account not subject to check
☐ Sent in error

Signature

☐ Improperly signed
☐ Missing
☐ More than one required
☐ No authority to sign
☐ Unsatisfactory
☐ Incomplete

Returned by

Industrial Bank of Washington

Corner 11th and You Sts., N. W.
Washington, D. C.

☒ Account attached
☐ Account closed
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Endorsement

☐ Bank stamp
☐ Endorse exactly as drawn
☐ Guarantee of endorsement
☐ Illegible
☐ Ink endorsement required
☐ Missing
☐ Signature to receipt
☐ Personal endorsement of each
Payee (These endorsements appear to
have been written by same hand)
☐ Witness to mark
☐ Filing
☐ Improperly drawn
☐ Listed at \$ should be \$
☐ No such account
☐ No advice
☐ No domestic advice
☐ No foreign advice
☐ Not properly receipted
☐ Exceeds drawer's balance
☐ Passbook must accompany check
☐ Payment stopped
☐ Savings account not subject to check
☐ Sent in error

Signature

☐ Improperly signed
☐ Missing
☐ More than one required
☐ No authority to sign
☐ Unsatisfactory
☐ Incomplete

CUSTOMERS DRAFT

2191 CX 2031 5-61 50 P 5

Industrial Bank of Washington, D.C.

August 14

, 19 64

No.

Tiki Island

PAY TO THE ORDER OF

\$ 135.00

One hundred and thirty-five dollars-----

DOLLARS

To: Mississippi-Alabama Relief

Committee, 803 Florida Ave., N.W.
Washington, D. C.ACCOUNT Regular
NUMBER 2-174-591

⑈0000013500⑈

AUGUST 10,

, 19 64

No.

INDUSTRIAL BANK OF WASHINGTON, WASHINGTON, D.C.

PAY TO THE ORDER OF

PAUL E. MILES

\$ 135.00

ONE THIRTY-FIVE AND 00/100-----

DOLLARS

VALUE RECEIVED AND CHARGE TO ACCOUNT OF

To: MISSISSIPPI ALABAMA RELIEF COMMITTEE

803 FLORIDA AVENUE, N.W.

WASHINGTON, D.C.

ACCOUNT
NUMBER 2-174-5

Bank of America

NATIONAL TRUST AND SAVINGS ASSOCIATION

RETURN ITEM ADVICE LETTER

Payment of the within described check(s) negotiated by you
HAS BEEN REFUSED for one of the following reasons
as indicated by the letter shown in the column "Reason."

A Not Sufficient Funds

F Account Closed

B Endorsement Missing

G

C Cannot Locate Account

D Signature Missing

E Post Dated

CHECK WHICH ☒ We return herewith☐ We hold at window; if not called for in
5 days, we will send to you by ordinary mail.☐ We hold for instructions at window☐ We

MADE BY

(TELLER)

APPROVED BY

(ASST. CASHIER-MANAGER)

MISC 24 9-63 ORIGINAL

BRANCH

DATE

No. 663390

DRAWN BY

DRAWN ON

DATED

REASON

AMOUNT

We have charged your

TOTAL

RETURNED ITEM CHARGE

CHECK
WHICH☒ CHECKING ACCOUNT☐ SAVINGS ACCOUNT

BR. NO.	ACCOUNT NO.	TR. CODE	AMOUNT
317	0-2650	99	\$ 135.-

Tiki Island
3743 S Western Ave.
L.H. Calif.



Mississippi & Alabama Relief Committee
803 Florida Ave N.W.
Washington, D.C.

Tiki Island
3743 So. Western Ave
Los Angeles Calif 90018